Austria Sch. 15	Indonesia Rp 2500	Portugal Esc 65
Bahrain Din 0.650	Italy L 1100	S. Arabia Rls 8.00
Belgium BFr 35	Japan Y550	Singapore S$4.10
Canada C$2.50	Jordan Fils 500	Spain Pta 95
Cyprus Mils 600	Kuwait Fils 500	Sri Lanka Rup 30
Denmark DKr 7.00	Lebanon LL 6.00	Sweden SKr 6.50
Egypt E£1.00	Luxembourg LFr 35	Switzerland SwFr 2
Finland Fmk 5.50	Malaysia Rm 4.25	Taiwan NT $85
France FFr 5.50	Mexico Pes 300	Tunisia Din 0.600
Germany DM 2.00	Morocco Dh 6.00	Turkey L 160
Greece Dr 60	Netherlands Fl 2.25	U.A.E. Dh 6.50
Hong Kong HK$ 12	Norway NKr 6.00	U.S.A. $1.50
India Rup 15	Philippines Pes 20	

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D 8523 B

Taiwan's love affair with Japanese goods, Page 10

NEWS SUMMARY

U.S. compromise on Beirut commitment

Reagan Administration officials said in Washington last night that a tentative agreement had been reached with Congress allowing U.S. forces to remain in Lebanon for 18 months, while limiting the U.S. Marine force to its present 1,200. Naval and air support would continue to be authorised. The formula is intended to sidestep the constitutional clash that has been building up over war-making authority.

Following France's move on Monday to dissociate itself from the growing U.S. role, the Italian Government, already concerned about the future of its 2,000-strong contingent in Lebanon, yesterday came under fierce attack from the Communist parliamentary opposition, which called for immediate withdrawal.

Four U.S. soldiers, apparently artillery observers, were present yesterday at Souq al-Gharb, on a ridge overlooking Beirut where the Lebanese army has reinforced its garrison. There was a lull in fighting yesterday, possibly because Druze and Syrian artillery was low on ammunition. Page 4.

GENERAL

González in warning to plotters

Spanish Premier Felipe González reprimanded potential coup plotters in a State of the Nation speech to parliament.

He said there were still military and civilian sectors which did not accept that parliament alone controlled government actions.

Sr González said the economic position remained serious, but some indicators were encouraging. Page 20

Concern in Poland

Communist Party officials in Poland's 200 largest factories have warned the country's leader to act cautiously over planned food price rises in January and a new pay scheme.

A government official said that Jacek Kuron, whom it had hoped to persuade to leave the country, would go on trial with three others accused of conspiring to overthrow the state. Page 3

No Belgian deal

Unions affiliated to the Belgian Socialist Party voted to continue for at least two days the strike that has paralysed public transport, blocked the docks, and shut schools for more than two weeks. Page 3

U.S. envoy named

The White House named the U.S. ambassador to Belgium, Charles Price, 52, as the new ambassador to Britain, to succeed John Louis, who resigned last week after two years in the post. Geoffrey Swaebe, a member of the U.S. UN delegation, will take the Brussels post.

Computer centre hit

The computer centre at Mainz of West German engineering group MAN, which makes military equipment and parts for atomic power stations, suffered an estimated DM 2.5m ($1m) damage from a bomb explosion, left-wing extremists are suspected.

Portugal review call

Portugal's Christian Democrats have called for a review of the constitution to allow denationalisation. Page 2

Death driver appeal

A court in Kursk, Russia, sentenced a West German driver whose bus killed 10 people and injured six others to seven years in a labour camp. He is to appeal.

Briefly . . .

Belgian F-16 fighter aircraft crashed near Brussels. Pilot ejected safely.

Tehran: 17 drug smugglers with long criminal records were executed.

Chile's President Augusto Pinochet is to drop a defamation case against an imprisoned workers' leader.

Ethiopian warship sailed into Berbera, Somalia, where its crew of six defected.

BUSINESS

Wall Street surges to new high

● A SURGE of late buying by institutional investors on Wall Street, spurred on by hopes that interest rate pressures have eased, sent the Dow Jones Industrial average to a record high of 1249.19 yesterday, a gain on the day of 15.25 and marginally higher than the previous best of 1248.30 on June 16. Pages 33–35

● LONDON: FT Industrial Ordinary index edged down by 0.1 to 705.2. Some Government securities showed small gains. Report, FT Share Information Service, Pages 37–39

● WALL STREET: Dow Jones index closed 15.25 up at 1,249.19. Report, full share listings, Pages 33–35

● TOKYO: Nikkei Dow index rose by 112.9 to 9,254.15, and the Stock Exchange index improved by 6.4 to 680.99. Report, Page 33. Leading prices, Page 36

● HONG KONG: The rate of slide in the Hang Seng index was reduced, but a 5.66 fall took it to a new 8-month low. Report, Page 33. Leading prices, other exchanges, Page 36

● DOLLAR was firmer at DM 2.6855 (from DM 2.6615), FFr 8.0525 (FFr 8.0465), SwFr 2.1575 (SwFr 2.154), and Y242.1 (Y241.8). Its Bank of England trade-weighted index, struck before the close, was down from 128.2 to 128.1. In New York it closed at DM 2.6727; SwFr 2.1640; FFr 8.075 and Y242.65. Page 43

● STERLING rose 10 points to $1.5095, to DM 4.025 (DM 4.0175), FFr 12.1525 (FFr 12.135), SwFr 3.26 (SwFr 3.2525) and Y366 (Y365). Its trade weighting rose from Monday's 85.1 to 85.3. In New York it closed at $1.5020. Page 43

● GOLD fell $0.75 in London to $411.875, and closed unchanged in Frankfurt at $412.25, and in Zurich at $412.5. Page 42

● COPPER prices fell to their lowest for eight months in London, with the higher-grade cash price £6.5 down at £1,021 ($1,541) a tonne. Page 42

● *SAGUNTO, SPAIN:* Workers at the Altos Hornos del Mediterraneo steel plant continued production in defiance of instructions, as a protest against plans to lay off half the 4,000 workforce. Page 3

● ISRAEL, which is to import Norwegian crude for the first time, is starting oil exploration off its Mediterranean coast after a favourable geological survey.

● TUNISIA is seeking a $120m Euromarket loan. Page 44

● VENEZUELA has promised to pay interest on time on its public sector $27bn foreign debt. Page 9

COMPANIES

● KAISER STEEL of the U.S., subject of a $270.8m cash and share bid, is considering a shares-only offer from an Oklahoma investors group. Page 21

● DALGETY, UK international merchants, improved pre-tax profits by 15 per cent for the year ended June to £52.5m ($79.2). Lex, Page 20. Details, Page 24

IMF may curtail loans because of cash shortage

BY PETER MONTAGNON IN LONDON

The International Monetary Fund has issued a discreet warning to its member countries that it may shortly have to cut its lending to hard-pressed debtor nations because of a shortage of cash.

The warning follows the failure last week of leading industrial countries to agree on a $3bn loan for the IMF when their central bank governors met at the Bank for International Settlements in Basle. Also stalled is a $3bn matching loan from Saudi Arabia.

The IMF had been relying on this cash to boost its liquidity, which has been seriously depleted this year by the large loans extended to debtor countries in Latin America. Available lending resources are estimated to have shrunk to little more than SDR 6bn ($5.7bn).

As a result, countries seeking loans from the IMF could find themselves rationed to between 30 and 40 per cent of the maximum amount they would normally expect to borrow under the IMF's present rules. This is money still available to the fund from its own resources – or quota subscriptions – and is kept strictly separate in its accounts from borrowed money such as the IMF is seeking from Saudi Arabia and leading industrial nations.

Such rationing is unlikely to be felt immediately because few new countries are applying to the IMF for loans at the moment. It would also not affect those which have already negotiated an IMF programme such as Brazil. The IMF has always followed an extremely cautious liquidity policy of never committing money which it does not have immediately to hand.

But fears that the IMF loan window may be closing are bound to cause dismay in developing countries. The IMF has emerged as the linchpin in helping these nations survive the current drastic curtailment of commercial bank lending.

The idea behind the IMF's warning is to put pressure on opponents of the BIS loan, which include West Germany and Japan, to reverse their stance. Herr Karl-Otto Pöhl, president of the Bundesbank, has argued that the IMF does not need the loan quickly and that granting it would ease pressure on the U.S. Congress to ratify the U.S. share of the IMF's proposed 50 per cent quota subscription increase.

M Jacques de Larosière, the IMF managing director, has clearly timed the warning to concentrate the minds of finance ministers and central bankers assembling this week for the IMF annual meeting in Washington. But one European central banker said yesterday that he doubted whether the loan and quota increase issue could be resolved at the meeting which ends on September 30.

As a last resort the IMF has said in the past that it might consider borrowing in private markets. This is also difficult because one condition would be to obtain the consent of the country whose currency was being borrowed.

The IMF will still need the loans from Saudi Arabia and leading industrial nations even when its proposed quota increase has been ratified by the U.S. and other member governments.

Venezuelan debt, Page 9

Thomson and CGE asset deal approved

By Our Paris Staff

THE FRENCH Government gave approval yesterday to a sweeping reorganisation of the country's electronics and telecommunications industries by approving a large exchange of industrial assets between the Thomson group and Compagnie Générale d'Electricité (CGE), the two leading nationalised electronics groups.

M Laurent Fabius, France's Industry Minister, communicated his agreement in principle to the swap in letters to the two state groups' chief executives. The minister, however, listed a number of conditions the Government intends to impose on the landmark deal.

The deal will see the regrouping of the two groups' telecommunications activities under the management of Cit-Alcatel, CGE's telecommunications subsidiary, creating a new concern with annual sales of around FFr 15bn ($1.86bn). In turn, Thomson will take over control of CGE's electronic components, military and consumer electronics businesses.

The telecommunications activities of the two groups will initially be consolidated in a holding company 48 per cent owned by the state, 40 per cent owned by Thomson, and 12 per cent owned by CGE. CGE will eventually assume 60 per cent control of this holding.

Continued on Page 20

French prices prompt Esso refinery cuts

BY PAUL BETTS IN PARIS

ESSO, the French subsidiary of the U.S. Exxon oil company, said yesterday it was shutting down 3m tonnes a year of refinery capacity because of the French Government's controversial decision to modify the formula fixing petroleum products prices.

With the 3m-tonne shutdown at the Fos-sur-Mer refinery, Esso will reduce its total French refinery capacity by about 40 per cent.

Exxon's French affiliate thus becomes the first major oil company to announce concrete action in what is developing into a major confrontation between the French Government and the major oil companies operating in France.

The latest move follows the shutdown this summer of Esso's refinery in Bordeaux with a capacity of 2.9m tonnes a year. Esso's refinery capacity now stands at 11m tonnes a year, compared with nearly 19m tonnes a year ago.

The oil companies are objecting to the Government's decision to freeze the U.S. dollar – French franc exchange rate at FFr 7.70 for the next four months in its calculations to fix domestic petroleum products prices.

The oil companies argue that this rate is unrealistic since the dollar has been trading at more than FFr 8 during the first half of this year.

Esso was the first company to criticise the Government's move this month when the U.S. subsidiary reported a sharply higher loss of FFr 307m ($38.18m) for the first half of this year.

The company said yesterday that the change in the price-fixing formula would increase its losses by FFr 25m a month. Esso controls about 13 per cent of the French market.

Esso, like the other oil companies opposing the new formula claimed the Government had not maintained its commitment to price petroleum products realistically in France. It accused the Government of changing the formula to hold down domestic price inflation.

It added that because of this decision it had no alternative except to reduce its oil stocks to the legal limit of 90 days despite the approaching winter heating fuel season.

Mobil, BP, Shell and the two large French companies, Total and Elf-Aquitaine, have all warned that they would be forced to review their French operations.

This would involve stock drawdowns, more capacity shut-offs and a general review of investment policies. The French refinery sector lost a total of FFr 12bn last year.

Bonn sues Commission over steel subsidies

BY JAMES BUCHAN IN BONN

WEST GERMANY is to take the European Commission before the European Court of Justice for authorising state subsidies to steel industries in four European Community countries, France, Italy, Belgium and the UK.

In an announcement that caught Commission officials off guard, the Bonn Economics Ministry said yesterday that the Government would file the suit by Thursday – a deadline for complaints set under Brussels' programme to manage and eventually phase out state subsidies for steel.

The Economics Ministry made clear yesterday that while the Thursday deadline had precipitated the action, it was high time Bonn served notice that the continued distortions in competition created by the subsidies could not go on.

In the suit, Bonn will accuse the Commission of contravening the aids code, the programme adopted by EEC ministers in 1981 which is designed to direct subsidies towards capacity cuts and modernisation before they are phased out entirely in 1985.

Bonn claims that the Commission's approval in June of requests from France, Italy, Belgium and the UK to make subsidies to their industries of some DM 16bn ($6bn) was illegal because the requests were made after a deadline last autumn envisaged in the phasing-out timetable.

The ministry, however, went on yesterday to attack the Commission's entire handling of the aid-and-cuts programme, claiming that Brussels was permitting the four to get away with lighter capacity reductions and higher subsidies than West Germany, the EEC's largest producer.

Yesterday's announcement follows pressure from the main German steel producers, grouped in the Düsseldorf-based Iron and Steel Federation.

Apart from the subsidies, about which the federation has complained bitterly since the mid-1970s, German producers are also worried that they may lose their dominant share of just under one third of Community production.

The producers are also unhappy that largely unsubsidised German steel has to suffer in a blanket U.S. ban on Community imports.

Ecu clearing plan date set

BY JOHN WYLES IN BRUSSELS

A TARGET date of January 1 next year has been set for the creation of a multilateral clearing system for the European currency unit (Ecu), the payment unit which is at the centre of the European Monetary System.

Although some of the 18 banks organising the system acknowledge that the target may be missed by a month or so, preparations have now reached the stage where the proposed association of Ecu clearing banks could be launched within the next three months.

But the view of the proposals taken by the Bank for International Settlements (BIS) could be crucial in determining whether the timetable is met.

The 18 banks, operating as a working party, have asked the BIS to act as a supranational settlement institution which would hold the banks' Ecu accounts and settle transactions between them on a daily basis.

The BIS board has already had at least one discussion on the proposal and is currently seeking more information from the organisers. It has been described as showing "a lively interest and an encouraging response" to the approaches, but the 18 banks are not yet taking its participation for granted. This is partly because of the uncertain attitude of the West German Bundesbank, which has traditionally been cool about any development of the role of the Ecu.

But the organising banks, which include Lloyds of the UK, Credit Lyonnais and Banque Nationale de Paris of France, Belgium's Kredietbank and Société Générale de Banque, and Morgan Guaranty of the U.S., argue that the private use of the Ecu as a vehicle for bank deposits and Eurobond issues has taken on an irresistible life of its own.

Ecu-denominated bond issues have grown from a total of 202m Ecu in 1981 to 1.81bn Ecu last year. In the first seven months of this year, the total debt issued has been 1.35bn Ecu compared with 865m Ecu in the same period last year.

In addition, Ecu exchange rates and interest rates are now being negotiated between banks, rather than computed and at least one central bank, the Italian, is fixing a daily rate for the unit.

The proposed clearing system is seen as a means of improving the efficiency of the Ecu market and of greatly expanding it. At present fewer than 10 banks are acting as clearers for the Ecu but it is thought this number may rise to 30 when the association is set up.

According to Mr Andre Swings, a general manager at Kredietbank, a central computer would log the daily interbank Ecu transactions and provide every bank with details of its daily balance in the system.

Each participating bank, after verifying its balance, would then instruct the BIS, if it takes part, to settle the bank's balance through its settlement account.

EEC ministers meet, Page 2

Dutch budget aims for spending cuts

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government plans to reduce state spending by Fl 11.5bn ($3.8bn) next year.

The 1984 budget, introduced yesterday, will increase income taxes, although social security payments will fall by a fractionally larger amount. Industry has been promised a package of concessions worth some Fl 2bn, and government income will be increased by higher indirect taxation, including value added tax.

If the strategy – drawn up by Mr Herman Ruding, the Finance Minister – is endorsed by Parliament, the 1984 state financing deficit is expected to work out at 12.1 per cent of national income, against this year's estimated figure of 12.4 per cent.

There are signs of favourable developments in the Dutch economy, according to yesterday's budget statement. The rate of inflation has fallen sharply to 2.6 per cent, nominal interest rates have dropped considerably – at least compared with 1982 – and consumer spending shows some signs of levelling out.

However, it is noted that "the recovery in the Netherlands is of a more limited and hesitant nature than in a number of the larger industrialised countries."

The Government believes the economic recovery overall is due to an increase in consumer spending and warns that if unemployment, which now affects 17.5 per cent of the Dutch workforce, is to be reduced, there must be an increase in the level of investment.

"One factor above all which militates against (this increase) is an excessive finance deficit, since this has the effect of keeping real interest rates at high levels. Nevertheless, it is encouraging that after years of flagging economic growth and high rates of inflation, the persistence with which anti-inflation policies have been pursued has now helped to achieve a fairly low rate of inflation and to induce a return to economic growth," the statement says.

But the Government still de-

Continued on Page 20
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Jury steps up Marc Rich probe

By Paul Taylor in New York

A U.S. grand jury is investigating further possible tax evasion by the Swiss-based Marc Rich group of commodity trading companies, which federal prosecutors yesterday said could involve double the $100m in income which the group is already accused of concealing.

On Monday, the grand jury indicted Mr Marc Rich, his colleague Mr Pincus Green, Mr Clyde Meltzer, an oil trader, and Marc Rich & Co International, the U.S. subsidiary of Marc Rich and Co AG on charges of racketeering, fraud and tax evasion.

The U.S. authorities allege that Mr Rich and Mr Green, through a series of complex oil trading transactions, concealed $100m in income in 1980 and 1981 and thus evaded paying $48m in federal income taxes.

Yesterday in a New York court federal prosecutors indicated that they believed the sums involved in

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Italy cuts trade deficit

By James Buxton in Rome

ITALY recorded a trade deficit of only L69bn ($43m) in July, the smallest deficit so far this year. The cumulative trade deficit for the first seven months of the year was L6,800bn ($4.25bn) compared with a deficit of L10,599bn for the equivalent period of last year.

Imports in the first seven months were down 1.5 per cent at L68,156bn, and exports rose 4.8 per cent to L61,356bn.

The figures indicate that the recession is reducing Italy's propensity to import, while exporters are profiting a little from the favourable rate of the Lira against several currencies, notably the U.S. dollar.

Detailed figures show that there was a deficit on energy products (mainly oil) of L18,418bn in the first seven months, against which can be offset a surplus of L11,614bn, on trade in other goods.

The improving trade figures have enabled Italy to accumulate a balance of payments surplus of L4,893bn in the first eight months of this year, helped by the summer influx of tourist earnings.

Nevertheless, official predictions for the year are that the balance of payments will close roughly in balance, compared with last year's deficit of L2,521bn.

EEC urged to encourage worksharing

BY PAUL CHEESERIGHT IN BRUSSELS

EEC COUNTRIES should act to counter unemployment by adopting a common policy to reduce and reorganise working hours and to limit paid overtime, according to the European Commission.

This is the general thrust of a recommendation — published yesterday—that the Commission wants the EEC Council of Ministers to adopt.

If ministers take up the Commission draft it would "demonstrate the political will seriously to combat unemployment with all means available and leave enough flexibility for working out the details at national, sectoral and enterprise levels," said Mr Ivor Richard, the Commissioner in charge of social affairs.

Social affairs ministers will first see the draft during an informal meeting to be held in Athens at the end of the month.

The draft recommendation embodies the first specific proposals for joint EEC action to improve the employment situation. More than 12m people are registered as unemployed throughout the EEC and the number could rise to over 15m before starting to fall.

The Commission argues that an agreed approach to the principles of worksharing is an essential adjunct to policies of higher investment and industrial restructuring if unemployment is to fall.

The recommendation offered to the Council is a declaration of principles to be followed in negotiation of worksharing agreements. They include the adoption of targets by governments for the reduction of working time on which industrial agreements could be based, and rewarding overtime by time off instead of cash.

A broad base of opinion in the EEC has been developing in favour of more worksharing agreements and the Commission is seeking to harness what it sees as a developing consensus behind an EEC policy.

Belgium, France, Italy and the Netherlands have all moved towards legislation on worksharing arrangements. The Commission's approach has the backing of the European Parliament and the EEC Economic and Social Committee. But the EEC employers and union organisations remain deeply divided on the issue.

EEC leaders meeting in Stuttgart last June called for a study of the issues involved in reducing working time.

Deep splits revealed over budget financing

BY JOHN WYLES IN BRUSSELS

FRANCE yesterday led an onslaught by several EEC governments against British and West German demands for a new financing system which would put clear limits on their payments to the Community budget.

As the tactical lines emerged during the first detailed discussion of the financing issue by EEC foreign and finance ministers, the French aim appeared to be to force an early British and West German agreement in principle to the idea of adding to the Community's budget revenues. Only then, French ministers implied, could the question of budget burdens be dealt with.

Taking a late afternoon break from the discussion, Sir Geoffrey Howe, Britain's Foreign Secretary, warned that there was no prospect of the Government agreeing to, and Parliament ratifying, any increase in the Community's budget revenues without a reduction in the size of Britain's payments to the EEC and action to control agriculture spending.

Although yesterday's discussion was very much a presentation of opening positions, it highlighted the huge gulf between Britain, West Germany, and most other member states and thus the extreme difficulty the Ten face in agreeing a package of agriculture, financing and policy reforms in time for the Athens summit

Sir Geoffrey went out of his way to counter an attempt by M Jacques Delors, the French Finance Minister, to paint the UK as only really interested in budget matters while other member states wanted to move ahead in rebuilding the Community.

Nevertheless, he argued forcefully for the British proposal for a "safety net," now strongly supported by West Germany, which would impose a limit on a member state's net payments to the EEC and relate this limit to its relative prosperity.

One of the French preoccupations must be the impact on its own payments of accepting the "safety net." According to the calculations of one delegation, France could have been paying Ecu 982m (£557m) more to the EEC last year than it received if the safety net had been operating. This would have been more than double France's actual payment.

Negri to lose MP's immunity

ROME - The chamber of deputies yesterday stripped Prof Toni Negri, a Marxist professor allegedly linked with the Red Brigades, of his parliamentary immunity so that he can be tried on terrorist charges.

The lower house did not make an immediate decision on whether Prof Negri, who was freed from prison after he was elected to parliament for the Radical Party last June, should return to prison until a court finds him innocent or guilty.

Until his election, the 43-year-old Prof Negri spent four years in prison awaiting trial on suspicion of being one of the brains behind the terrorist group.

The chamber, by an overwhelming vote, adopted four motions allowing judicial authorities to try Prof Negri on any of the following grounds: armed insurrection against the state; membership of an armed band and a subversive organisation; possession of weapons, ammunition and explosives; and attempts to inflict bodily injuries and material damage.

Prof Negri has said that he wanted to stand trial to clear his name

AP

Andropov calls on Bonn MPs to halt missiles

BY OUR FOREIGN STAFF

THE SOVIET leader, Mr Yuri Andropov, yesterday urged West German legislators to prevent deployment of new U.S. missiles in their country and to help avoid a nuclear war which "would be a hell for the whole of mankind."

His words were a response to an appeal two months ago by some 60 Social Democrat (SPD) deputies to both Washington and Moscow. It called for progress and mutual concessions in the Geneva talks on medium-range missile forces in Europe.

Mr Andropov urged the West German deputies to take the "most vigorous and decisive action." But he offered nothing beyond his previous proposals—to scrap SS-20 missiles removed from Soviet European territory and to reduce the number of Soviet missiles to the level held by Britain and France together, if Nato forgoes deployment of new cruise and Pershing-2 missiles at the end of this year.

However, his statement coincides with a growing desire in Bonn for the U.S. to give new momentum to the negotiations. The West Germans want Washington to make new proposals before the end of the month.

While they have little hope this would lead to a breakthrough, they feel that the earlier the U.S. indicates real flexibility in Geneva, the more chance there is for demonstrating that the West has done its best to obtain a settlement.

The West German domestic timetable for discussion of the missile issue imposes its own deadlines on the Government. Chancellor Helmut Kohl has promised deployment of the missiles will not begin before November 15. By then, the Bundestag will have held a full-scale debate on the issue.

The congress of the opposition SPD, which appears to be moving rapidly towards opposing deployment altogether, is due to be held on November 19.

West Germany's request for new U.S. proposals has been backed by Britain and Italy, which are also due to receive cruise missiles. However, Bonn officials report less British urgency than before.

Sig Bettino Craxi, the Italian Prime Minister, has sent President Ronald Reagan a letter requesting a U.S. initiative to unblock the negotiations. He rules out any delay in deployment if the Geneva talks fail to produce results by the end of the year, but urges that negotiations continue even after the missiles arrive in Europe.

Meanwhile, Mr Richard Perle, the U.S. Assistant Defence Secretary, has publicly criticised some West European Social Democrats for reneging on the Nato two-track decision in 1979, which they supported when in power. That decision provided for disarmament talks and, if these failed, missile deployment by the end of 1983.

Speaking in Oslo, Mr Perle noted "a disturbing tendency to find excuses, explanations for why decisions taken by previous governments can no longer be supported, even by the same personalities who formed those governments."

Portugal public sector plea

BY DIANA SMITH IN LISBON

PORTUGAL'S opposition Christian Democrat Party wants a revision of the constitution to make it possible to denationalise the public sector.

Sr Lucas Pires, the party leader, claims that public sector companies are failing because it is impossible to alter their ownership or management. He wants the Socialists and Social Democrats, whose governing coalition holds more than 60 per cent of seats in parliament, to support his proposals. Any constitutional change requires a two-thirds majority.

The Socialists, however, are unlikely to support further constitutional alterations when the country's absolute priority for the next 18 months is an austerity programme that requires constant parliamentary work on drastic economic measures.

France's politicians look beyond the budget horizons

BY DAVID HOUSEGO IN PARIS

NOW that the Budget is almost out of the way (the Cabinet will decide on the final details today), French politicians have been lifting their eyes to the longer-term electoral horizons. Within both the government ranks and among the opposition, there is discord over the policies and tactics to follow.

Socialist deputies have returned from their summer holidays full of the dispiritedness of the party rank and file at the impact of the austerity measures and of the lack of enthusiasm in campaigning for them. The opposition has returned believing that the next major electoral test is so far away.

The Budget was prepared with a precise electoral strategy for the Socialists in mind (although obviously not one that has been spelt out in public). The Government has now gritted its teeth for some 18 months of hard slog and unpopularity to bring inflation down and carry through some extensive industrial restucturing.

It intends subsequently to release the brake and provide some stimulus to the economy to ensure a recovery well in time for the 1986 legislative elections. President Mitterrand half-confirmed that timetable in his television broadcast last week, when he promised that the Government would reduce tax and social security payments as a proportion of gross national product in 1985. That implies a pick-up in growth, or tax cuts, or both.

Within the government, it is M Michel Rocard, the Minister of Agriculture and one of the leading figures in the party who is most worried about the dangers of such an approach.

He remains silent in public, but, having been a long-time advocate of restraint, he now believes that the Government has swung too violently towards deflation and a shakeout of industry. The full effects have yet to be felt and some decisions have been put on ice until after trade union elections for the local social security councils in October, and the Socialist Party Congress later that month.

He also fears that reflation in 1985-86 might undo much of the present good work, and would have preferred a more moderate projection. But then, M Rocard would like to be a socialist presidential candidate himself.

The argument against M Rocard's thesis put forward by M Mitterrand's followers – including M Laurent Fabius, the Minister of Industry – is that the imperative of minimising electoral losses in 1986 and winning the Presidential election in 1988 must have priority over the economy.

A similar debate has been taking place, this time in public, within the opposition, which believes that it will win the 1986 legislative elections. M Raymond Barre, the former Prime Minister, last week ruled out any compromise with a socialist president if the opposition were to gain a majority in the National Assembly in 1986, with the inference that the President would have to resign.

German plastics output expected to increase

BY JOHN DAVIES IN FRANKFURT

PLASTICS manufacturers in West Germany expect to boost production this year after three years of steady decline, but are still struggling to reduce losses.

Production, which slipped 5 per cent last year to 6.27m tonnes, showed a marked recovery in the first half of this year, up 6 per cent on the comparable period of 1982.

After tapering off in the holiday months of July and August, growth has resumed and output for the year is expected to be significantly up on last year.

With capacity use improved, losses in commodity plastics have been reduced, but companies regard recent price increases as still insufficient.

Other branches of the plastics industry – products manufacturers and machinery suppliers – have also reported increased orders and sales.

The industry, which employs 300,000 workers in West Germany, attributes the improvement to an increase in stocks.

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Yesterday's budget reveals determination to reverse recent trends, writes **Walter Ellis**

Dutch Government flexes its muscles

YESTERDAY'S Dutch budget was chillingly austere, reflecting both the dire state of the national economy and the determination of the Government to reverse the trends of recent years. Its effect should be to impose the Government's will on wages, the welfare state and public borrowing to an extent long forgotten in the Netherlands.

Mr Ruud Lubbers, the Prime Minister, and Mr Herman Ruding, his Finance Minister who are both members of the Christian Democrat wing of the ruling coalition which is often derided by its Liberal partners for being too soft, have confirmed that they will not be deterred from doing what they believe is required by the argument that innocent people are likely to be hurt.

Mr Lubbers and Mr Ruding are well aware that their measures will not go down well with that growing section of the population that is either unemployed (17.5 per cent of the workforce) or living on the national minimum wage.

All social security benefits, including unemployment pay, are to be reduced by 3.5 per cent from January 1, as is civil service and other public sector pay. The minimum wage will fall by a similar amount. Sickness benefits are to be curtailed and there will be a general tightening up in the fields of health care and education.

A plan to impose a charge on parents for their children's secondary education seems to have been abandoned for the moment, but there are to be fewer teachers and fewer hospital beds. Prescription charges are to be raised and there will be reduced benefits even for the disabled. Tax breaks for the lowpaid are minimal.

The Government's argument is that a recovery by industry is essential if there is to be an overall improvement in the welfare of the people. Approximately half of all Dutch companies are currently making post-tax losses, and the proportion of equity capital to total capital has now reached its lowest point since the Second World War.

By helping industry in general, and small and medium-sized companies in particular, the Government hopes to transform this doleful situation over the next few years. The aim is a surge in investment.

Industry is to benefit from an early 5 per cent reduction in the rate of corporation tax from an extension of the present range of financial incentives.

Individual taxpayers will be worse off under the budget but while income tax, VAT and excise duties will rise, social security contributions will fall in line with the decrease in welfare spending. Overall, real disposable incomes will drop by between 1 per cent and 3.5 per cent, with the rich and the poor suffering most.

Mr Ruding estimates that the Government has got to make provision for cuts totalling Fl 14bn (£3.1bn), which takes account not only of projected spending but of unforeseen additional expenditure this year of some Fl 3.5bn. If all goes to plan, cuts of about Fl 11bn will be imposed in 1984. This would leave proposed state expenditure, after debt repayments at Fl 163bn, just Fl 4bn more than for the present year.

Government revenue next year is expected to reach Fl 127bn, and the resulting shortfall of Fl 36bn will be made up as in 1983, entirely by recourse to the capital markets. The total borrowing requirement is set at 12.1 per cent of national income, compared with an estimated 12.4 per cent this year.

In its budget statement, the Government argues that in this way it should eventually be possible to put public sector finances on a sound footing. A recovery in the level of investment would follow, and this in turn would "herald the start of a permanent drop in the level of unemployment."

The statement makes no bones about the extent of the problems facing the Netherlands. The economy, it says, has been "derailed," and a "three-track" policy is put forward as a means of correcting various imbalances.

The first is to reduce the burden of social charges, and therefore the budget deficit, by cutting public spending and by putting the welfare state on a crash diet. But while the Labour-led opposition complains that the welfare proposal could result in the patient dying of starvation, the government contends that a slimmed-down system will not only cost less but will help restore the incentive to work that it maintains has been lost in recent years.

Track two is the strengthening of the private sector to reduce unemployment. This means tax cuts, so that people taking over a business will have to pay succession duties and gift taxes only on a gradual basis, over a number of years, without interest. Further, there is to be greater provision for company tax refunds to offset losses.

Track three is work-sharing, so that available employment can be shared out as widely as possible. The third track is viewed by some as a siding, or at best a branch line. Trade union leaders have agreed to it only on the understanding that extra jobs really are provided to compensate for the shorter working weeks and reduced individual incomes. It could be several years before they know for sure that they have not been misled.

Mr Ruding observes: "The only companies which are creating new jobs are those which have managed to make a profit in three successive years. Profits are therefore a *sine qua non* of jobs, just as losses inevitably lead to unemployment."

It is a tough message. The Dutch electorate—now more divided than for many years into the "haves" and the "have nots"—is learning that it cannot vote for change, as it did last year, without paying the price.

PRINCE CLAUS PRESENT FOR BUDGET

PRINCE Claus von Amsberg, Prince of the Netherlands and consort of Queen Beatrix, surprised everyone yesterday by turning up for the Dutch budget day ceremonies, Walter Ellis writes. Throughout his wife's half-hour speech outlining the Government's financial strategy for 1984, he sat at her side, the focus of more attention from MPs and television viewers than the sovereign herself.

For more than a year, the Prince – a 57-year-old former West German Diplomat – has been suffering for what has been termed officially "complaints of a depressive nature." He had largely disappeared from public life and spent a number of months this year in a specialist clinic in Basle. The royal household in the Hague and the Dutch Government have both refrained from detailed comment on what has taken place, confining themselves to statements of his current whereabouts. Only rarely has he been located in the Netherlands.

Yesterday, his performance was impassive and impeccable. He appeared to speak not a word as he strode slowly through the assembled lines of politicians and officials in parliament. Discreetly positioned several paces behind the Queen. He remained *dignified and steady* throughout his ordeal, even when television cameras lingered on him. On his side-throne, in the ornate hall of knights, he simply sat, knees together, *while his wife read out the message of fiscal 1984.*

The government information service said that Prince Claus had turned up for the Queen's speech because of the particular importance of the day. *It did not say that he might now be contemplating a general return to his royal duties.*


Prince Claus: impassive

Work-in at Spanish nationalised steel plant

By Tom Burns in Madrid

WORKERS AT Spain's state-owned integrated steel plant of Altos Hornos del Mediterraneo (AHM) yesterday defied management orders by continuing to manufacture railway tracks on a rolling line that had been discontinued under the programme of progressive production cutbacks. The plant has been earmarked for closure eventually in the Government's industrial reconversion policy.

The protest work-in has brought to a head smouldering industrial unrest at the plant, situated in Sagunto near Valencia, and is viewed as an important test case for the controversial reconversion of the steel sector.

The AHM board meets today, following top level discussions at the Industry Ministry, and is expected to issue dismissal notices to 160 employees directly involved.

The decision to defy the management by producing railway tracks was taken by mass meetings at the plant held last week and is sponsored by AHM union representatives.

In the short term half of the company's 4,000 labour force is due to be made redundant according to the reconversion plans.

The running down of the Sagunto plant is the cornerstone of the reorganisation of the steel industry whose losses totalled Pta 48bn (£209m) last year.

A government decision earlier this year not to allocate funds for the construction of hot rolling installation at the plant has already prompted considerable protests including demonstrations by AHM steelworkers in Madrid and general strikes in the Sagunto area.

Polish factories give warning to regime over food price plans

BY CHRISTOPHER BOBINSKI IN WARSAW

COMMUNIST PARTY officials from Poland's 200 largest factories have warned the country's leaders to act with caution over proposed food price increases in January and a new pay scheme intended to boost productivity.

The warning came at a meeting in Warsaw on Monday which revealed that grass-roots party officials are under pressure from shop floor workers angry about falling living standards. Hardliners also criticised leadership policies and called for the party's role in the factory to be clarified under Poland's new self-managing economic system.

The factories represented at the meeting employ up to 30,000 people. They have played a crucial role in Polish politics and the Government keeps them under close observation.

According to Trybuna Ludu, the Communist party newspaper, many speakers supported a demand for "careful consultations" on wages and prices decisions. Mr Manfred Gorywoda, the party secretary responsible for the economy, repeated, however, that food prices would go up in January, adding 4 per cent to the cost of living, and urged an end to panic buying.

Elected worker-management committees, which in theory are to play a decisive role at the factory level, also came under fire at the meeting. As a result, Mr Kazimierz Barcikowski, a senior party member chairing the meeting, was compelled to deny that "by setting up worker-management committees we are putting our opponents' political programme into effect."

In response to a call for much greater centralisation of the economy, Mr Gorywoda replied that the crisis in the 1970s in Poland had been brought about by too much centralisation.

Senior official present also had to fend off attacks alleging that cautious moves in easing restrictions on private enterprise and foreign companies were leading to a privatisation of the economy.

Mr Stanislaw Ciosuk, the Wages Minister, speaking on the new earnings scheme, admitted: "It must lead to a differentiation of income." Wage equality has become a favourite rallying cry for party hardliners criticising economic reforms.

Dissident trial date soon

BY OUR WARSAW CORRESPONDENT

A DATE will be fixed soon for the trial of four members of the KOR dissident group accused of conspiring to overthrow the Polish state, according to Mr Jerzy Urban, the government spokesman.

His statement suggests that the authorities are losing hope of persuading Mr Jacek Kuron, a leading member of the group, to agree to leave the country in return for the dropping of charges, or even to desist from political speeches at the trial in exchange for a shorter sentence.

Mr Urban said Mr Kuron would go on trial along with Mr Adam Michnik, Mr Zbigniew Romanszewski and Mr Henryk Wujec.

The trial will provoke a storm of protest in the West and further harm the image of the Polish regime. It will also affect church/state relations, as the Pope has called for the freedom of all political prisoners.

Belgium's public sector dispute to continue

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM'S most serious public sector strike for over 20 years will continue for at least two more days. Union leaders yesterday widened their dispute with the Centre-Right coalition Government into a full-scale assault on current economic policy.

Public-sector employees in the socialist union grouping decided to strike until Thursday night when they will review the position.

Unions in the Christian Democrat fold, and hence linked to the majority partner in the coalition, were last night voting on their future course of action. But officials in Brussels doubted whether there would be any move to relax pressure on the Government.

Leaders from both union groupings yesterday met Mr Charles-Ferdinand Nothomb, Minister of the Interior, and will see him again this morning. But no breakthrough in the negotiations has appeared.

The effects of the strike have been widespread. Public transport has stopped, post offices closed preventing the payment of pensions and schools have been forced to shut down.

Brussels Airport yesterday could handle less than a third of its normal quota of traffic but was formally opened in the late afternoon. Over 60 vessels are waiting at the port of Antwerp and there has been no movement of raw materials to Cockerill-Sambre, the major national steel producer.

In the private sector, Volkswagen has been forced to shut its car assembly for two days because of a components shortage.

The future attitude of the unions will depend largely on a long-scheduled meeting with the Government and the employers to discuss economic and social policy.

Both the major union groupings yesterday mounted fierce attacks on the Government's economic policy, designed to restrain the public deficit, moderate wage increases and increase productivity.

Lebanese reinforce Souq al Gharb

BY PATRICK COCKBURN IN BEIRUT

THE LEBANESE army has reinforced its garrison at Souq al Gharb, on the ridge line overlooking Beirut, with an extra two battalions in addition to the four which have defended the vital position for the past three weeks, Western diplomats said yesterday.

Following the U.S. naval bombardment on Monday, called to halt advancing Druze militiamen after Gen Tannous, Commander of the Lebanese Army decided his men could no longer defend Souq al Gharb, there was a lull in the fighting yesterday.

This may be only because the Druze and Syrian artillery have run low on ammunition. Early on Monday morning, Western military experts say the town was taking up to sixty rounds a minute. Syria and its Druze allies may also be assessing their future policy in the light of the use of the U.S. navy to protect the Lebanese Army.

The army has been the centre-piece of the U.S. effort to build up a Government allied to itself in Lebanon. The total armed forces are only 34,000-strong of which 21,000 are combat troops grouped in 33 battalions.

The U.S. naval bombardment, in which some 300 rounds were fired by two ships, was apparently motivated in part by a shortage of howitzer ammunition for Lebanese artillery, which has now been remedied.

The U.S. intervention on behalf of the Lebanese army, using the justification that American lives might be in danger, is likely to open a period during which the Government in Beirut will be almost wholly dependent on U.S. support. This may lead to retaliation by Syria, Druze and the Palestinians.

Abu Saleh, leader of the rebel faction of the Fatah guerrilla organisation which split from Mr Yassir Arafat, the Palestine Liberation Organisation chairman, has reached a military co-operation agreement with Mr Walid Jumblatt, the Druze leader in Damascus. It is not clear how many men are commanded by Abu Saleh, but one of his commanders said last weekend that they already had some 500 men in the battle area.

It appears, however, despite Western diplomatic claims to the contrary, that the PLO has not joined the fighting in any great numbers.

The U.S. naval attack also changes the role of the rest of the 5,000 strong multinational force. This originally arrived in Beirut with the aim of defending the civilian population of Beirut after 900 Palestinians were massacred at Chatilla, and to give largely symbolic support to the Government.

The Italian and French contingents, each over 2,000 strong and the 103 member British force are now in the curious position of being members of a force the U.S. part of which now has very different and more ambitious aims.

Our Damascus Correspondent adds: Prince Bandar bin Sultan, the Saudi special envoy who is heading his country's mediation efforts to secure a ceasefire in the Lebanon, said yesterday: "I am still optimistic but with reservation."

He was speaking after meeting both Mr Abdel-Halim Khaddam, Syrian Foreign Minister, and Mr Robert Paganelli, the U.S. ambassador to Syria. Prince Bandar said: "I am now waiting for the answers of the National Salvation Front as to the conditions I have carried to them. I expect to have another round of talks with Minister Khaddam." The National Salvation Front represents the anti-Government forces.

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Shamir expects invitation to leadership today

BY DAVID LENNON IN TEL AVIV

MR YITZHAK SHAMIR, the Israeli Foreign Minister, confidently expects to be invited by President Chaim Herzog today to try to form a new Government to replace that of Mr Menahem Begin who resigned as Prime Minister.

President Herzog yesterday concluded three days of consultations with representatives of Israel's eight political parties about their preferences for the person to head the new Government.

Most members of the outgoing coalition told the President that they favoured continuing the ruling partnership under the leadership of Mr Shamir who was chosen by the Herut Party as its head in succession to Mr Begin.

Once given a mandate to form a new Government, Mr Shamir will try to do so as quickly as possible. In order to avoid internal wrangling over the distribution of Cabinet portfolios, he is expected to propose the same Cabinet as at present, with himself retaining the Foreign Ministry portfolio, at least for the time being.

The ethnic Tami Party, a junior partner in the outgoing coalition, urged the President to invite both Mr Shamir and Mr Shimon Peres, leader of the Opposition Labour Party to discuss the formation of a national unity Government. However, if this proved unworkable, then Tami said it would support Mr Shamir for Prime Minister.

A similar stance has been taken by six members of the ruling Likud bloc, which is dominated by Herut.

Italian Communists call for withdrawal of force

BY JAMES BUXTON IN ROME

THE ITALIAN Government, already deeply worried about the future of its 2,000 man contingent in Lebanon, yesterday came under fierce attack in Parliament from the opposition Communist Party.

Senator Paolo Bufalini, called for the immediate withdrawal of the Italian peace-keeping force unless there was a ceasefire, truce, the start of serious negotiations, or reinforcement of the multinational force by UN troops and observers.

Senator Bufalini said that the Italian force was in effect in the hands of the U.S. commander in Lebanon, and that the U.S., far from staying neutral, was intervening on the side of one of the partys in the conflict.

This is the strongest attack the Communist Party has so far made on the Italian Government's policy in Lebanon. It came immediately after both Sig Julio Andreotti, the Foreign Minister, and Sig Giovanni Spadolini, the Defence Minister, had told Parliament that the Italian troops would remain in Lebanon in the role for which they were sent there, which did not involve "taking part in a crusade against this or that side."

Any change in the forces' role would mean reviewing the original agreement with the Lebanese authorities.

The Minister's remarks indicated a growing divergence with what appears to be new U.S. policy in Lebanon apparently aimed at strengthening the Government of President Amin Gemayel at all costs.

Peking says Britain is colonialist

PEKING — China accused Britain yesterday of adopting a colonialist attitude over Hong Kong and said it intended to play a substantive role in running the territory after it regains sovereignty in 1997.

The Communist Party newspaper People's Daily said in an article published two days before talks resume on the future of the colony that China was fully entitled under international law to regain sovereignty over Hong Kong.

The article—the most authoritative outline of China's position so far—challenged British statements that Britain had a moral responsibility for the territory. It said that, as the overwhelming majority of the population was *Chinese*, "only the Chinese Government is their true representative."

Britain and China have held three rounds of talks since July aimed at settling the future of Hong Kong after a 99-year lease on most of the territory expires in 1997. The content of the talks is secret, but diplomats in Peking believe the atmosphere has become increasingly sour in recent weeks.

The article reiterated that China intends to allow Hong Kong to maintain its own economic and social system after 1997. But it said plans for Peking to regain sovereignty would involve active Chinese participation in the running of the territory and not a purely nominal presence.

It said China accepted that Britain would represent the interests of the British minority in Hong Kong and that Peking would give them "active consideration and care."

Continued nervousness over the future of Hong Kong has driven down the value of the local dollar. It weakened to 8.31 against the U.S. dollar in early trading yesterday before staging a mild recovery but was still lower than Monday's 8.13 close.

Reuter

Uranium policy delay attacked

THE Australian Government's prevarication over uranium mining came under *renewed attack in Canberra* yesterday with motions critical of the Government launched both in the Senate and in the House of Representatives. Our Sydney Correspondent writes.

Mr Doug Anthony, leader of the National Party and formerly Australia's deputy Prime Minister, said the uranium industry had been thrown into confusion.

The Australian Labor Party's uranium platform was flatly contradictory, claimed Mr Anthony, and had resulted in the Prime Minister, Mr Bob Hawke, being pressured by Labor's Left-wing.

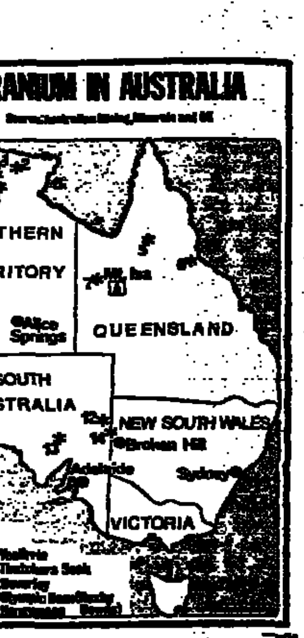
"Already the final policy decision promised by the Prime Minister for yesterday has been deferred for another month," he said, adding that the Government was harming the industry's potential because of its "discredited and illogical stand."

Senator Peter Walsh, the Resources and Energy Minister, defended the Government's postponement of its uranium policy announcement saying it would not be stampeded into premature actions.

Senator Walsh repeated the Government's claim that the Ranger mine in the Northern Territory could alone cope with all likely additional export demand in the foreseeable future.

Roxby Downs row heralds long hot summer for Hawke

BY MICHAEL THOMPSON-NOEL IN SYDNEY



BOB HAWKE

IF THERE is one facet to Australia's vast mineral and energy wealth that excites deep-felt passion and sends the blood pressure soaring, it is uranium.

Police and more than 1,000 anti-nuclear protesters clashed recently at Roxby Down, in the red sand desert of South Aus*tralia. At the Olympic Dam* mine, site of one of the biggest known mineral deposits in the world. The site is thought to contain so much copper, gold, uranium and silver that it has a projected life-span of 200 years.

Mr Bob Hawke, the Australian Prime Minister, said in Sydney recently that "the Roxby development is going *ahead, and nothing is going to* stop it." Yet the vociferousness of anti-nuclear and anti-uranium protesters in Australia has been so marked that uranium now ranks as the most worrying single isue confronting the Hawke Government.

Mr Hawke has said of Australia's uranium that he "wished the bloody stuff had never been discovered." But *since it has—and since uranium* elsewhere will be mined, refined and used, whatever Australia does about its own deposits—he thought it futile not to mine and sell it, given safeguards on its use and handling.

Mr Hawke's stance on uranium is one of pragmatic agnosticism. This is putting him in open conflict with the *Left-wing of the Australian* Labor Party (ALP), which he led to power last March.

Australia has vast quantities of uranium, though it has been slow to cash in on them. Some feel that vacillation has already placed Australia in a position of being a uranium supplier of last resort.

Soon after coming to power, Labor appointed Australia's first ambassador for disarmament, Mr Richard Butler. A few days later, Mr Hawke—buckling under fierce pressure from his Left wing — told President Francois Mitterrand of France that unless France halted its nuclear tests at Mururoa Atoll in the South Pacific, Australia would suspend shipments of uranium to France.

The Hawke Cabinet, which has yet formally to spell out its stand on uranium, has been under strong pressure from the Left to acknowledge and pursue formal ALP policy on uranium, which categorically states that a Labor Government will:

- Declare a moratorium on uranium mining and treatment
- Repudiate any commitment of a non-Labor Government to the mining, processing or export of Australia's uranium;
- Not permit the mining, processing or export of uranium pursuant to agreements entered into contrary to ALP policy.

Unfortunately for the ALP Left, Labor's official platform on uranium is contradictory. For instance, while stressing that an incoming Labor Government would be committed to repudiating all existing sales agreements, it says it would "consider applications for the export of uranium mined incidentally" to other minerals.

This is taken to exempt Olympic Dam. Although production at Olympic Dam is unlikely to begin before 1990, the partners (Western Mining Corporation 51 per cent, BP Australia 49 per cent) are well advanced with feasibility studies.

The project will cost an estimated A$1.7bn (£1bn), *extract approximately* 6.5m tonnes of ore annually, and have an annual processing capacity of 150,000 tonnes of copper, 3,400 kilograms of gold, up to 23,000 kilograms of silver —and 3000 tonnes of uranium oxide.

To date, Australia has played a minor role as a uranium supplier, even though reserves are huge. Last year, Australia exported 5,277 tonnes of uranium ores and concentrates, worth A$415m, a small sum set against its earnings from coal, iron ore, copper, alumina, and farm products, but one that has grown four-fold since 1979.

Since 1977 export contracts approved by the authorities have totalled more than 46,700 tonnes of yellowcake, primarily for companies and utilities in West Germany and Japan.

One reason why Australia was initially slow to win sales contracts was the tough export policy adopted in 1977, which strictly regulates and controls all production and scrutinises terms, tonnages and duration of contracts. Since then, the market has been hit by recession and stockpiling.

However, Australian producers argue that there is likely to be an upturn in nuclear construction eventually —and that if it is not to miss the boat, Australia should be commissioning new mines.

Only two mines are operating at present, both in the Northern Territory: Ranger, operated by Energy Resource of Australia (ERA) in which the shareholders include Peko Wallsend and EZ Industries, as well as Japanese and German interests, and the much smaller Narbarlek, operated by Queensland Mines.

Ranger is producing more than 3,100 tonnes of yellowcake a year. It is also generating good profits (a net A$57.4m in the year to June 30, up 52 per cent). Numerous other projects are bogged down however, despite, in some cases, years' of lead-up work and the investment of millions of dollars.

Projects whose future is currently in doubt include Jabiluka, Koongarra, Honeymoon, Beverley, Ben Lomond, Lake Way and Yeelirrie.

In March, when supporting the decision of the state Labor Government in South Australia to block development of the small Honeymoon deposit, Senator Peter Walsh, the Federal Minister for Resources and Energy, said the decision was sound and responsible.

"Advice from my department indicates that there is room for no more than one more (Australian) producer of uranium for the next decade. It makes more sense for the South Australians to promote development of Roxby Downs (Olympic Dam) than to push ahead with the *smaller, less suitable mines* such as Honeymoon."

That did nothing to placate left-wing sentiment.

Nor, to date, has the Government's stance on uranium satisfied the growing band of anti-nuclear activists.

A key argument at Roxby Downs will involve the delicate issue of aboriginal sacred sites. The Kokatha aborigines claim *that more than 30 sacred sites* within the mining lease area could be endangered.

The protesters at Roxby Downs are without political friends in high places but as Mr Hawke struggles to formulate a definitive stand on uranium—a manoeuvre that is crucial to placating international investment and trade fears—Mr Hawke may be in for a *long hot summer.*

Brunei, UK to conclude defence pact

By Alain Cass, Asia Editor

BRITAIN and Brunei are poised to conclude a new defence agreement this week after six months of prolonged and sometimes acrimonious negotiations.

A British team, headed by Mr Richard Luce, Foreign Office Minister, began talks in the oil-rich protectorate today. These are likely to provide for the continued presence in Brunei after independence at the beginning of next year of a Gurkha battalion and 100-plus service personnel on loan to train Brunei's armed forces.

The Gurkhas would still come under the command of the Ministry of Defence in London, and not the Sultan, under the new agreement, and could be withdrawn if hostilities with a neighbour broke out.

The battalion would also remain on call for emergency duties in Hong Kong after Brunei's full independence on Janury 1, 1984, despite objections to this provision from Sultan Sir Muda Hassanai Bolkiah.

Although small, Brunei is strategically placed on South-*East Asia's* main trade routes and Britain, through Royal Dutch Shell, has a substantial interest in the country.

The Foreign Office has been engaged in delicate negotiations since last April when what seemed like routine talks to tie up post-independence details broke down inexplicably.

The Sultan of Brunei was reported to have been irritated at what he regarded as the off-hand manner in which the talks were conducted. Both Governments later denied that the Sultan had threatened to replace Shell, although the abrupt departure in April of Mr Arthur Watson, Britain's High Commissioner, went largely unexplained.

A further blow to British interests came when Brunei *decided to transfer an* investment portfolio worth £3bn from Britain's Crown Agents to the newly-formed Brunei Investment Agency which is being set up with the help of U.S. banks.

Tables turn at Marcos rally

By Emelia Tagaza in Manila

A RALLY by supporters of Philippines President Ferdinand Marcos ended in disarray yesterday when anti-Government employees and students again took over Ayala Avenue, Manila's "Wall Street."

It was the second time in less than a week that the city's financial district echoed with political slogans, exacerbating foreign bankers' and investors' anxiety over the country's political stability.

Yesterday's demonstrations began with 5,000 people marching in support of the President, but ended with a considerably larger number of anti-Government demonstrators, shouting "Marcos resign," taking over after pelting the first group with water-bags and tomatoes. At one point, stones and tree branches were thrown, but no one was injured.

On Friday, about 10,000 financial - district executives and employees rallied in a spontaneous demonstration calling for the President's resignation and protesting against the August 21 assassination of Mr Benigno Aquino, the popular opposition leader.

TECHNOLOGY

EDITED BY ALAN CANE

NEW MACHINES, NEW INTELLIGENT SOFTWARE TO TAKE COMPUTING OUT OF DATA CENTRES

IBM switches emphasis to the professional

BY ALAN CANE

"I WONDER how actual sales for last month compared to the forecasts for people under quota in Eastern region," a sales director might think.

Getting the answer out of the company's computer system is easy these days. The director simply types in:

PRINT LNAME.82-SEP-ACT-SALES.
82-SEP-ACT-SALES-82-EST-SALES
82-SEP-ACT-SALES-82-EST-SALES . . . an so on, and so on.

Perhaps searching a computer's memory is not so simple after all; this is the reason why IBM, the world's largest computer company thinks it is on to a winner with a piece of software (set of computer instructions) called "Intellect," which makes it possible for the sales director to ask his question in exactly the same language as the thought in his mind.

If he wanted to know, for example, about ownership of red cars in Manchester he would type in "who owns the red cars in Manchester and where do they live?"; using conventional file searching techniques he would have to have typed:

Locate record:
If colour—red and;
city—Manchester,
Print name, car type, city, count
end record;

The introduction of "Intellect" is just one of a series of announcements from IBM which indicate more clearly than ever before how much the giant of the data processing industry has changed from its traditional view that computing is for the data processing professional.

The message now coming over loud and clear is that computing is for professionals and managers of every kind and that IBM *will provide the hardware and* software to make it all possible.

It is not a new approach—the significance is that where IBM leads, everyone else has to follow, so great is its power and influence. Last week it introduced two new medium range computers, the 4361 and the 4381, which offer significantly improved performance at a better price through heavy exploitation of new technology.

More significantly, it introduced Intellect and two other pieces of software designed to help and be used by the professional manager, PROFS which is designed for communications including message switching (electronic mail) and text enquiries, and FRANGO designed by the Finance Division of IBM UK itself which handles business planning and control applications from simple spreadsheets to multi-level, multi-dimensional analyses.

Intellect was created by Larry Harris of Artificial Intelligence, a Boston-based company specialising in the application of artificial intelligence to computing *problems.*

It costs between £43,355 and £70,000 in the UK and the cost of an IBM mainframe computer large enough to run it must be added to the price. But some companies have 300 or more computer terminals for their professionals and over a few years the cost might seem much more modest.

What is clear is the way IBM is gradually moving its computing emphasis out of the data centre and towards the individual manager.

> "The message now coming over loud and clear is that computing is for professionals and managers of every kind."

Traditionally, the data centre dealt with all computing matters; the frustrations of trying to get information quickly out of the computer is well known.

With the advent of cheap and powerful mini and microcomputers, IBM advocated the setting up of information centres, powered by one of their mid-range mainframes and designed to provide executives with timely information through clever file searching techniques.

At the same time, the computer giant made available through its computer services operation simple ways in which executives could carry out their own computing. These include the availability of personal computing languages like APL (A Programming Language) and AS (Applications System), together with the concept of the Information Centre, a machine in the 4300 series with specialised software dedicated to providing executive information.

The latest batch of announcements drives this policy forward. The new software like Intellect has to be run on large machine like the new mid-range computers. The information it provides has to be fed to a *terminal on the executive's* desk which could be a conventional video screen, a colour screen—or the best selling IBM Personal Computer.

IBM's own research suggests that many executives would carry out their own computing —at the level of planning, information search and retrieval and so on—if it were made simple enough. The IBM response is that it can be made simple but only at the expense of a high investment in computer power.

The new super processors provide the power and software *like Intellect provides the ease* of use.

IBM claims Intellect allows natural English communication between men and machine. That is stretching things; the simple English commands like "Get me," "Show me," "Draw a pie chart of" have to be learned just like conventional computer commands. IBM will train an executive to use Intellect in a week.

But in use it is certainly impressive. It can even make jokes in a deadpan, electronic fashion: "What files are in there?" I typed, expecting a *menu of categories like salaries,* personnel, finance from which to choose. "The complete files for the company" came back the truthful, but unhelpful, answer.

IBM is reaping the harvest of its massive investment in new fabrication technology with its new 4361 and 4381 medium range processors announced late last week.

It has built on its experience in the chip packaging technologies used in its large scale processors to pack massive computing power in a very small space.

Furthermore the new 4361 can behave as if it was a minicomputer or a mainframe computer at the wish of the customer.

Smaller models in the existing 4300 range (4331 models) have a minicomputer like architecture with data flowing around the system on common highway or "bus"; the larger models (4341 groups) are more like mainframe computers in having channels dedicated to particular information flows. The new 4361 can be designated to perform in either mode according to choice, using integrated adaptors.

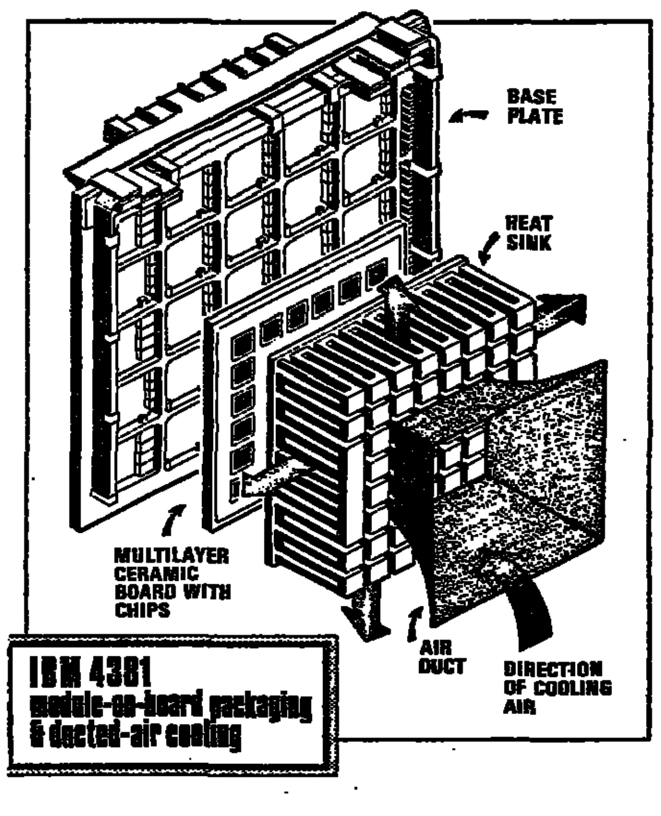
To cram more, very complex chips in a small space, IBM has used a new and simplified version of the thermal conduction module technology implemented on the 3081 mainframes and above.

In 3081 technology, more than 100 silicon chips are bonded to the surface of a ceramic substrate built up of many layers and bearing all the power and data connections within its structure.

Spring loaded metal pistons carry the heat away to a water cooled face plate. The new 4381 models are built up of 22 modules each 64mm square and bearing 36 high speed logic or array chips on a multilayer substrate.

The chips are capped with channelled metal heat sinks; cool air is ducted through the channels, over the chip surfaces and out through the sides (see diagram). IBM says this enables the 4381 to use fewer components and interconnections than the 4341 although there are 50 per cent more circuits.

Some 60 per cent of the improved performance of the 4381 compared to the 4341 can be attributed to the new packaging technology, IBM says.



IBM 4381 module-on-board packaging & ducted-air cooling

Barcodes

Desk top printer from Codeway

A COMPACT desk top unit from Codeway of Harwich, equipped with keyboard, single line liquid crystal display, a thermal print mechanism and some purpose-built electronics with powerful software, is able to print bar code labels in a wide variety of formats and sizes.

Codeway is a new company formed in May from the Norscan division of Norprint and the first product, B-150, has been developed with backing from British Technology Group and the Department of Industry.

The unit can produce bar code symbols with up to 30 digits, with switch selectable bar width ratios and magnification. Conventional characters can be from 2 mm to 18 mm in height and the maximum label length is 240 mm. Speed is up to 2000 lines/min.

Apart from use in retail outlets, the machine is expected to find application in automated materials handling, factory data collection and in the book trade. More on 02555 3131.

checks. More on 01-898 5251.

CAD

Control Data draughting system

CONTROL DATA is introducing a computer aided design and draughting system for less than $50,000. It will provide, says the company, economical entry into CAD through Control Data's Cybernet services network.

User hardware will be the ICEM/120-40 desk top workstation. Software includes CD/2000 design and draughting programs, the advanced operating system (AOS), the HASP 2 communications protocol and a software interface for plotters.

The products can be leased on a short-term basis to provide customers with a growth path beginning with a low cost entry fee. Later, the customer can expand to a larger system using the same software. More on 01-240 3400.

Terminals

Stock control by P.O.S

LAUNCHED BY Thorn-EMI Micrologic, now becoming known as TEM, is a range of point-of-sale terminals offering a particularly wide range of options.

Backed by the Department of Industry and The Design Council, the TEM 2000 range can, it is claimed, provide solutions ranging from simple sales data collection through to sophisticated in-store merchandising and stock control. The flexible design allows the retailer to enter point of sale technology cost effectively, with an upgrade path to higher functionality when required.

Key to this variability is the modular software approach so that with the appropriate hardware and the right software modules, most needs can be met. All the software can be selected as required and then integrated with other programs as necessary.

There are three terminal designs and a bulk storage unit, all of which can be connected together over TEMLAN, the company's new local area network. The terminals offer choices of single line or CRT display, various printing arrangements and several levels of working storage. More on 0234 854242.

Software

Nucleus for business

COMPACT Software International's Nucleus system generator is to be used with Acorn Computers BBC machines Z-80 add-on processor. This will run on the CP/M operating system.

The idea is to enable inexperienced users to develop business systems quickly and easily. The software is aimed at the small business and serious personal home computers users. Compact is also developing other business applications to run on the BBC system. More information on 0306 887373.

PRINTING

Automating the mail process

MOORE PARAGON, the business forms manufacturing company, has combined conventional printing, computing and ink jet printing to enable the variable information on such forms to be inserted while they are being run off.

Called Compurite, the system operates from a single reel of paper and can finally put forms and other paper "constructions" into addressed envelopes which are then franked and collated into bundles to suit Post Office mail rebate requirements.

These "constructions" can include reply envelopes which themselves can have variable addresses—useful if the reply has to go to regional offices of the originating company rather than the central location.

The service has already been examined by Abbey National *Building Society* but there are potential applications ranging from driving licences and other forms of permit to policy renewal documents in insurance companies.

The technique is applicable to any activity where a standard document has to be filled with name and address and other personal information such as investment interest say, or insurance clauses.

All the customer has to do is provide Moore Paragon with a magnetic tape from his computer containing the variable information. If the tape is not in a suitable format, the company will re-format it to suit the process.

For many organisations it is unlikely to be cost effective to install equipment of this sort; it usually would need to operate only at peak mailing periods, perhaps quarterly, *half yearly* or at the end of the financial year.

The Moore Paragon unit at Bury St Edmunds operates at about five documents a second and so can carry out the majority of large runs in a matter of hours.

The alternative for companies issuing such documents is to purchase and store paper, carry out printing, computer processing, handling, addressing and mailing themselves, employing peak load staff.

In one pass the press with the paper moving at about 300 ft/min, Compurite prints both sides of a continuous web in up to four colours. Simultaneously, it infills up to 15 lines of variable data in precise registration using three ink jet printing heads controlled by the data on the customer's tape.

In ink jet printing a series of extremely small droplets of ink are released from nozzles and then directed by electrostatic fields to strike the paper at precise locations under computer control. The system has great flexibility and the fount in use can be changed in a fraction of a second. Thus, virtually any printed characters or graphics can be placed on the paper. More on 01-928 9022.

GEOFFREY CHARLISH

AMERICAN NEWS

Indictment provides rare view of Rich oil sale operations

BY PAUL TAYLOR IN NEW YORK

THE CHARGES announced on Monday in the Marc Rich case have resulted in a rare glimpse into the operation of the Swiss-based commodities group and the alleged activities which led to the grand jury indictment.

The U.S. courts issued warrants for the arrest of Mr Marc Rich and his colleague, Mr Pincus Green, on charges of racketeering, fraud, tax evasion and illegal trading with Iran during the U.S. embassy hostage crisis.

The tax evasion charges, relating to an alleged $48m in unpaid taxes, cover what Mr Rudolf Giuliani, U.S. Attorney, described as "the largest tax evasion scheme ever prosecuted."

The U.S. Attorney's office in Manhattan announced the charges after a Federal grand jury, meeting behind closed doors, returned a 51-count indictment against Mr Rich, Mr Green, Mr Clyde Meltzer, an oil trader, Marc Rich and Co AG, the Swiss-based commodities trading group, and Marc Rich and Co International, its U.S. subsidiary.

All the defendants are charged with violating the Racketeer Influence and Corrupt Organisation Act. Mr Rich, chairman of the Swiss company, and Mr Green, who are both U.S. citizens, are charged with violating Federal law during the Iran hostage crisis.

A summary of the alleged background to the charges was outlined on Monday by Mr Morris Weinberg, the assistant U.S. attorney in charge of the case.

Mr Weinberg said that as part of the scheme to defraud the Internal Revenue Service, the Department of Energy and the Treasury, Mr Rich and Mr Green had "caused" Marc Rich and Co International to purchase barrels of domestically "controlled" oil. Under the then applicable Energy Department price controls, it could be resold only at a fixed and controlled price.

According to Mr Weinberg, International (now called Clarendon) would then pass the "controlled oil" through the hands of numerous oil resellers in what is known as "daisy chain" transactions. The object of the exercise was to make it easier to falsify the certificates of the barrels to "uncontrolled" oil so that International could repurchase the oil and resell it at much higher and unfixed prices, thereby making what he called "absolutely enormous profits."

MARC RICH, *in a reply to accusations and positions taken by the U.S. and Swiss governments, yesterday issued a defiant statement in the Neue Zürcher Zeitung. It said, in essence, that they denied all accusations laid before them by the U.S.*, writes Anthony McDermott.

Eventually, the defendants recognised that, having International earn these huge illegal profits by selling the falsely certified "uncontrolled" barrels meant that International would have to pay large amounts of Federal income tax on the illegal profits.

According to Mr Weinberg, the defendants, in order to avoid Federal tax, devised a scheme whereby third party oil resellers, such as Mr Clyde Meltzer of Listo Petroleum, based in Houston, Texas, and West Texas Marketing based in Abilene, Texas, would ostensibly sell the falsely certified "uncontrolled oil" to International at the higher market price.

In fact, the prosecutors claim, it was secretly agreed that the huge profits created by the difference between the controlled price and the high market price actually belonged to International and would be recorded on the books of Listo and West Texas Marketing.

The defendants then set up sham oil transactions in which Listo Petroleum and West Texas Marketing would lose predetermined amounts of money to Marc Rich and Co AG and its foreign subsidiaries, thereby moving International's illegal profits offshore to foreign corporations, including AG, which paid no Federal income tax. Mr Weinberg said this accounted for about $71m of the alleged $100m in untaxed profits.

In addition, Mr Weinberg claimed that, as part of the scheme, the defendants arranged for more than $33m in fraudulent deductions for International by fabricating transactions and creating false invoices between AG and International.

Caracas pledges end to interest arrears

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SR ARTURO SOSA, Venezuela's Finance Minister, has promised to put an end to late interest payments on the country's $27bn (£18bn) public sector foreign debt in a move designed to placate angry bank creditors.

In a telex to creditor banks the Minister admitted that interest arrears on August 31 amounted to $61.7m, but he said this was only a small fraction of the total interest bill for this year of $2.5bn. Of this $1.9bn has already been paid.

But while the Minister was also more optimistic about Venezuela's economic prospects—the current account balance of payments deficit is now officially expected to total only $150m this year against the previous estimate of $2.2bn—he remained vague about measures to reduce private sector debt service arrears currently estimated at some $400m.

Along with Venezuela's refusal to negotiate an International Monetary Fund economic programme before its elections on December 4, the arrears problem has been a major stumbling block to negotiations on a rescheduling of $18bn in public sector debt falling due this year.

This week Sr Sosa is involved in a series of talks with leading bank creditors over an extension on the temporary freeze on public sector repayments of principal needed because of delays in the rescheduling.

Creditor banks want action on the arrears before granting an extension after the present freeze expires on September 30.

Under new legislation, Venezuela's Finance Ministry will be authorised to monitor and absorb debt service payments of decentralised state agencies such as the development bank Corporacion Venezolana de Fomento, the water authority Inos and the tourism development agency Corpoturismo which have been remiss with debt payments in the past, Sr Sosa said.

He added that private sector debt payments were being delayed because of new procedures requiring private companies to register their foreign debt.

"Every effort is being made to ensure that payments will shortly be made and will continue to be made in a timely fashion," he said.

Venezuela's trade balance has been helped by higher-than-expected oil exports as well as the impact of its domestic austerity programme which has led to a drop in imports. The country now expects a trade surplus this year of $5.7bn compared with a previous forecast of $4.8bn.

Oil exports are expected to total $13.6bn and imports $9bn, new official projections show.

The forecasts "indicate that Venezuela will not require any funds from the IMF during 1983," Sr Sosa added.

Sterling and dollar are overvalued, says study

BY ANATOLE KALETSKY IN WASHINGTON

THE DOLLAR is overvalued by about 24 per cent and sterling by about 18 per cent relative to the exchange rate levels required to bring international capital flows and current accounts into a sustainable long-term equilibrium, according to a study published yesterday by the Institute for International Economics.

The study, written by Dr John Williamson, a former official at the UK Treasury and the International Monetary Fund, estimates that "fundamental equilibrium" exchange rates for the dollar would be about Y205, DM 2.04 and £1.58, against the current values of Y242, DM 2.66 and £1.51.

It concludes that currencies other than the dollar and sterling are not seriously out of line with one another.

The study says that the undervaluation of the yen against a trade-weighted basket of other currencies is almost exactly equal to that of the Deutsche Mark and French franc, at 5 or 6 per cent.

It supports the long-standing Japanese contention, often challenged in Europe, that 100 yen to the D-mark would be a reasonable exchange rate to ensure long-term competitive equilibrium between the Japanese and European economies.

Mr Williamson's study uses a novel combination of the two main techniques for estimating "equilibrium" exchange rates.

He estimates the exchange rates that would have been required in 1976-77 to bring the current and capital accounts of all the major industrialised economies to their sustainable equilibrium levels. He then extrapolates these exchange rates to 1983

Despite regional conflict, six nations have made a joint plea for European aid, writes **Hugh O'Shaughnessy**

Central America hopes to cash in on a common cause

THE HONDURAN turtle is not helping the cause of international economic co-operation. It lives in the Gulf of Fonseca, one of the most politically sensitive pieces of water in the Western hemisphere, and the only point where Honduran territory touches the Pacific. The Gulf's waters are also shared by El Salvador and Nicaragua and therein lies the problem.

"The turtles swim away and lay their eggs on the Salvadorean shore," complained a Honduran official. "It is ruining the turtle farms we are trying to start in our port. We have got to agree on joint exploitation of the Gulf."

Turtles are not the only bone of contention in the area. U.S. naval vessels regularly patrol the Gulf claiming to be stopping arms from Nicaragua reaching the insurgents in El Salvador. In the last century Britain once thought of building a naval base there: the U.S. may do so this year. And the Hondurans have not forgotten that in 1917 the Salvadoreans seized the island of Meanguera in the Gulf, which Honduras claims to this day.

But countries in the area are determined that the bitter wars and political conflicts slowly destroying the region shall not totally put an end to economic collaboration—the last hope Central America has of achieving an upturn in the future.

CENTRAL AMERICAN DEBT

($bn)

1973	1.4
1974	1.9
1975	2.7
1976	3.5
1977	4.3
1978	5.2
1979	6.2
1980	8.1
1981	9.6
1982*	11.2

* Estimate

Source: World Bank

The strength of that determination was demonstrated last week in Brussels when Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama met under the aegis of the Inter-American Development Bank to make a joint presentation to Western European governments and private bankers. The six countries fielded strong teams, led by senior ministers and presidents of central banks.

They even agreed on a joint spokesman, Dr Carlos Manuel Castillo, the Costa Rican central bank president, who, wryly admitted that he had had plenty of experience in persuading reluctant bankers to keep lending in difficult circumstances. In his statement to Western European representatives, Dr Castillo was blunt.

"The outlook for all the countries," he said, "is bleak. Production has declined sharply, standards of living have deteriorated; inequities in income distribution have worsened; savings and investments have fallen; foreign exchange scarcities and internal disequilibria abound; increasing levels of unemployment are aggravated by high rates of population growth; and the burden of external debt is heavy.

"In the social and political spheres, serious and numerous lags, as well as increasing polarization, exist. In summary, the region is nearly overwhelmed by long-incubated economic and political crises. The countries' capacity to respond is limited, and they are extremely vulnerable to external economic and political influences."

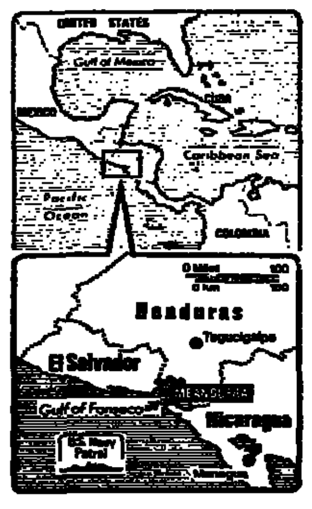
Despite and because of the cataclysms they are suffering, the latent sense of unity among the small weak countries of the isthmus, which have made regular attempts at federation since they became independent of Spain 160 years ago, is showing itself again.

During the three-day meeting, political differences between the Left-wing Sandinista Government in Nicaragua and its generally hostile neighbours were muted in the extreme. As Dr Castillo remarked: "The cause of Central American co-operation is rooted in necessity."

The Central Americans did not stand alone in making their pitch to Western Europe. Delegations from the U.S., Mexico, Colombia and Venezuela were at hand and the International Monetary Fund delegate pledged full support for Central American efforts.

The size of the foreign currency requirements for a region of no more than 15m people is daunting. Up to $23bn will have to be raised if Central America by 1990 is to recover the standards of living it enjoyed in 1980.

Lest potential lenders be frightened off, the organisers of last week's encounter presented their development schemes in all sizes, from the very modest to the ambitious, and underlined the fact that governments and banks were not being asked to commit themselves to loans. Nevertheless the Central Americans emphasised a number of concrete ways in which the rest of the world could help them



with their most urgent financial problems.

One way could be for governments and public and private banks to become members of the Tegucigalpa-based Central American Bank for Economic Integration (CABEI).

Despite an increase in authorised capital last year from $200m to $600m CABEI is severely strapped for cash as desperate governments demand more and more from it. It is throwing open its doors to new shareholders in a bid to get new funds.

A second way would be for lenders to help out the Central American Clearing House, a body which operates a system of payment arrangements for trade between the members of the Central American Common Market and thus helps the flow of goods between one country and another.

Some countries have run up bills with the Clearing House that they cannot pay and consequently intra-regional trade is in danger of paralysis. The value of goods traded between the five northernmost countries of the isthmus—excluding Panama—dropped from $1.1bn in 1980 to barely $775m last year. The figures are sure to be worse this year.

It must be said that the Central Americans still have a long way to go to convince the Western Europeans—who often think of the region as a place where the U.S. should pick up the bill—of the strength of their case.

But perhaps the most hopeful sign to emerge from the meeting was that these countries—some of whom are virtually in a state of undeclared war with each other—succeeded in getting together at all.

Bob King in Taipei reports that balanced trade is a long way ahead

Taiwan's love affair with things Japanese

THE RECENT announcement by a Japanese trade mission to Taiwan that agreements had been reached covering more than $1bn in purchases from this country had the pundits scratching their heads — but not for long.

In fact, the visit by the 230-member team, the largest Japan has ever sent to this country, amounted to an elaborate public relations effort that will probably contribute nothing in the short-run toward reducing Taiwan's huge annual trade deficit with that nation.

The Japanese mission, in a pre-departure Press conference, announced plans to buy $1.13bn worth of Taiwanese goods — $550m in machinery, $360m in textiles, and $220m in agricultural and fishery products— over the next six months. But most, if not all, of these purchases would have been made anyway, with or without the auspices of the trade mission. If anything, the visit further obscures the likelihood that the Taiwanese trade deficit with Japan this year will exceed the $2.4bn of 1982. By August, the 1983 deficit had already hit $1.8bn.

Why the elaborate ritual, then? And for whom was it staged?

More than anything else, the mission was likely designed to demonstrate Japan's sincerity and intentions to make good on earlier pledges to help reduce the trade gap. Last year, Taiwan's tough-minded economic affairs minister, Mr Y. T. Chao, suddenly slapped an import ban on some 1,500 Japanese consumer goods because of the growing deficit. Mr Chao agreed to rescind the ban for most items six months later, after Japanese trade officials had assured the Taiwanese of their sincerity and good intentions. Nevertheless, certain high-value Japanese goods such as video cassette recorders are still banned.

Mr Y. T. Chou: ban rescinded after Japanese assurances

Despite the Japanese assurances, though, continuing deficits are almost a certainty for Taiwan. For Japan's tough quality standards on industrial and consumer products tend to exclude items from Taiwan, where inexpensive goods at generally low-to-medium quality still dominate manufacturers' thinking.

Inducing the Taiwanese to buy fewer Japanese goods, then, is the only way, short of more import restrictions, to bring trade into balance. No bans are unlikely, because Mr Chao is a staunch advocate of free trade. But voluntary cuts in purchases seem equally unlikely, because the Taiwanese are unashamed lovers of things Japanese.

The reasons for this love-affair are partly cultural and historical. Japan controlled Taiwan for 50 years after the Sino-Japanese war of 1895. The colonised Taiwanese attended Japanese schools and universities, learned to speak Japanese, and even adopted Japanese names. Many thought of themselves, for all intents and purposes, as Japanese.

Now, after nearly 40 years under the Nationalist Chinese Government, many older Taiwanese still remember the days of Japanese rule with nostalgia. Some still speak Japanese better than Mandarin Chinese, the official language. Even some younger people born after World War II have inherited their elders' way of thinking, and sport the latest in Japanese fashion, apparel, and consumer goods.

The Japanese presence also remains large, though low-profile. Despite the severance of formal diplomatic relations nearly a decade ago, the Japanese maintain unofficial ties with Taiwan through the Japanese Interchange Association. Japanese also make up the single largest foreign community, and three large Japanese companies handle an estimated 50 to 60 per cent of Taiwan's exports each year.

Continued smuggling in huge volumes of Japanese-made VCRs

But price and Japan's proximity make equally strong inducements for the Taiwanese to buy Japanese products, despite the efforts of the Taiwan Government and various foreign trade missions to convince them otherwise. Especially in high-value industrial items such as production machinery, the Japanese have demonstrated their ability to provide goods at extremely competitive prices, as well as fast and efficient after-sales service. Even in consumer goods, the Japanese have successfully promoted the idea here, as elsewhere, that they offer products of superior quality and value. One indication of this is the continued smuggling in huge volumes of Japanese-made VCRs into Taiwan, despite the fact that three Taiwanese companies already produce the machines using licensed Japanese technology.

Thus, balanced trade between Taiwan and Japan is undoubtedly a long way away, despite all the hoopla and the efforts of the recent trade mission to imply otherwise. Officials noted, though far down in their prepared statements, that the Japanese mission was also investigating opportunities for investment and co-operative ventures in Taiwan, and to demonstrate to Taiwanese businessmen ways of upgrading their products and packaging to appeal to the Japanese consumer. Though these possibilities received far less publicity than the much-touted purchases, it is precisely these contacts that stand the best chance of bringing Taiwanese products up to international — and Japanese — standards.

Apple seeks damages for software piracy

TAIPEI — The Apple Computer Company of the U.S. yesterday brought suit against six Taiwan companies at the Taipei district court for allegedly copying its software programs.

Mr Lee Shing-Shing, attorney for the computer company, said the six Taiwan companies had copied two Apple programs: auto-start ROM (read-only memory) and Applesoft basic.

The six are Lei-Ming Enterprises; IDA Computers; Pison Science Technique; Sound Electronic; Apollo Computers and Main City Enterprise. They all denied pirating Apple's programs during a hearing at the district court.

Mr John Lee, an IDA manager, said in an interview that the company's computer systems have more sophisticated designs and functions than those of Apple.

He said, "I think the Apple company just doesn't understand the situation of the computer industry in Taiwan. Computer makers here have changed so much."

Earlier Apple won a civil suit against Sunrise Computer Services by demanding T$1m ($25,000) in damages for pirating the company's software.

AP

Zambia announces plans to resolve its debt problems

BY QUENTIN PEEL, AFRICA EDITOR

THE ZAMBIAN Government has announced its plans to repay an estimated Kwacha 700m (£359m) arrears on trade payments, company and personal remittances over the next five years, at a rate of some $25m (£16.7m) a quarter.

At the same time leading British companies owed money because of Zambia's foreign exchange shortage have been invited tomorrow to meet Mr Bitwell Kuwani, governor of the Bank of Zambia, to put alternative proposals on how to use their blocked funds.

Details of Zambia's plans to deal with the payments problem were announced in Lusaka by Mr Kuwani. He said the intention was to pay off the arrears in stages from the beginning of 1984, and to complete repayment by the last quarter of 1988.

The rate of repayment would be at around $25m a quarter, depending on the level of export earnings (primarily from copper), and the support of the international financial community in the form of debt relief.

The proposals to deal with the arrears are a fourth stage in Zambia's economic stabilisation package, which began with a SDR 211.5m (£148m) standby credit with the International Monetary Fund agreed in April, followed by rescheduling of government debts at the Paris Club in May, and finally agreement in principle on rescheduling $67m commercial bank debt expected to be signed in October.

Mr Kuwani said payments would be made by the Bank of Zambia through commercial banks, which would act as paying agents. The principle would be strictly according to the date of applications for payment — first in, first out.

Claims which were originally denominated in a foreign currency would be paid in that currency, while claims denominated in kwacha would be paid at the rate of exchange prevailing at the time of payment. The kwacha was devalued by 20 per cent in January, and in July was tied to a new basket of currencies, which has resulted in a further depreciation of almost 7 per cent.

Major British companies with trade or investment in Zambia include Lonrho, British Caledonian Airlines, Booker McConnell, Dunlop. Banks operating in the country include Barclays, Standard Chartered, Grindlays.

Mr Kuwani said in London earlier this month he hoped some companies with blocked money in the pipeline would re-invest in Zambia, under the same conditions as investors bringing cash in from outside the country.

His intention is to hear any suggestions from the companies involved, and produce a statement before the end of the year saying which alternatives the Zambian Government can accept.

Banking officials say no interest has been paid on foreign exchange on blocked payments, although some nominal kwacha interest payments have been made. Mr Kuwani said the payments delays now stood at about 20 months, although it is understood that some remittances have been outstanding for as long as five years.

EEC rules force change in way drug is marketed

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission's drive to promote freer competition in the pharmaceuticals market has led to changes in the marketing arrangements for a product used in the treatment of diabetes manufactured by Hoechst and Boehringer-Mannheim of West Germany.

The two companies changed their arrangements following the opening of an inquiry, the Commission said yesterday.

The medicine involved is Euglucon, manufactured and distributed in Germany by the two companies. Until 1982 it appeared as Euglucon-5. An improved version, called Euglucon N was then introduced to the German market while Euglucon-5 continued to be sold abroad.

But Euglucon-5 was being imported from abroad by Eurim Pharm and sold in Germany for 15 per cent less than the Hoechst and BM price.

Hoechst and BM announced that Euglucon-5 would be withdrawn from the German market, to be replaced by Euglucon N, without specifying that the former would still be sold abroad.

The Commission considered this to be in breach of the competition rules because it might have restricted legal imports.

The two companies have now regularised their position with the Commission by specifying that although Euglucon N will only be marketed in Germany, Euglucon imported from abroad can continue to be prescribed by German doctors.

Malaysia wants barter deal in rail contract

By Wong Sulong in Kuala Lumpur

MALAYSIA'S state-owned Railway Authority has told foreign companies bidding for a 30m Ringgit (£8.5m) contract for rails that the successful bidder would have to buy an equivalent value of Malaysian commodities such as rubber, tin, palm oil or petroleum.

The Railway Authority is the first Malaysian department to respond to a Ministry of Finance directive in June asking government ministries and departments as far as practical to introduce an element of counter-trade in their contracts.

Mr Ahmad Badri, the Railway Authority general manager, said companies from Spain, Sweden, France, Poland, Britain, South Korea and Japan have submitted tenders for the rail contract, which closed three weeks ago. The successful bidder would be known in December.

Mr Badri said the Railway Authority is in contact with government agencies dealing with commodities that would have to be acquired by the successful bidder.

Recently Dr Mahathir, the Malaysian Prime Minister, also informed the South Korean authorities during a visit to Seoul that Malaysia would order ships from Korea if it reciprocated by buying Malaysian commodities.

UK 'should take bigger slice of Brazil's trade'

By Hugh O'Shaughnessy

BRITISH exporters should look beyond the present "extreme pre-occupation" about the state of the Brazilian economy and secure a larger proportion of trade with Brazil than the 1.8 per cent of that country's imports. that Britain presently provides, said Mr Norman Lamont, Minister of State for Industry, at a meeting yesterday of the Brazilian Chamber of Commerce in Great Britain. Mr Lamont said British industry should forge closer links with Brazilian concerns through co-operation deals and joint ventures. Present Brazilian difficulties were an opportunity for British companies to help out, he said. commenting, "No one likes fair-weather friends."

Among British industries which should evolve a closer relationship with Brazil were the aerospace companies.

● Britain's Export Credits Guarantee Department (ECGD) has guaranteed the funding and repayment of a $5m general purpose line of credit which Midland Bank has provided to Mexico's Nacional Financiera, *our Foreign Staff reports.*

The loan will help finance UK capital goods and associated services and exporters will receive 85 per cent of the value of elegible contracts direct from the loan.

New Zealand promoted as Pacific trade centre

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

NEW ZEALAND is promoting itself as a strategic business centre for the rapidly-growing Pacific trade area.

A delegation of 20 leading businessmen arrives in London next month with the aim of reviving British trade and investment in a country traditionally regarded mainly as a supplier of agricultural produce.

The delegation is the most powerful ever sent to the UK, according to its hosts, the London Chamber of Commerce. It represents interests in over 90 per cent of the world exports of the country.

Its members hope to meet Mrs Thatcher while she is in Blackpool for the Conservative Party conference. It already has appointments with Mr Robin Leigh-Pemberton, Governor of the Bank of England, Mr Paul Channon, Trade Minister and other ministers and businessmen.

Sir David Steel, president of the London Chamber, said yesterday that Britain may have to depend on partners in New Zealand for access to Pacific and Far East markets.

"It is important that Britain now wakes up to the fact that New Zealand, as well as Australia, is a vital trading partner to the UK." It was not yet sufficiently understood that New Zealand was finding new outlets for its produce.

UK NEWS

British executives in U.S. tax mission

By Christian Tyler, World Trade Editor

A MISSION to Washington was organised by British businessmen yesterday in an attempt to persuade the U.S. Government to halt the spread of unitary taxation.

President Reagan is due to announce by the end of this week whether the Administration is to take action against the tax – now levied by 13 states – as recommended by his Cabinet Council on Economic Affairs.

Unitary taxation is a method of assessing a company's state tax liability by reference to its total earnings. British, Japanese and European multinationals claim that the system leads to arbitrary and greatly inflated tax bills, and some double taxation.

Executives from British American Tobacco and Foseco Minsep were due to fly from London last night accompanied by Mr Roger Moate, a Conservative MP. They expect to see Mr Donald Regan, U.S. Treasury Secretary, tomorrow.

The mission is believed to have the support of Sir Oliver Wright, British Ambassador in Washington. Mr Ian Greer, spokesman for the mission, said last night. "This is taxation without representation – it's the Boston Tea Party all over again."

Tougher crime penalties ahead

LONGER sentences for murderers and tougher penalties for crimes of violence are expected to be announced soon by Mr Leon Brittan, the Home Secretary, after the completion of a wide-ranging review of crime and the penal system.

Mr Brittan yesterday met a group of Tory MPs who gave him their proposals to tackle what they described as "an unacceptable surge in crime and violence."

The Agenda for the Conservative Party conference, published yesterday, showed a groundswell of concern about law and order. Nearly 100 resolutions call for tougher action by the Government, while 22 demand the reintroduction of capital punishment.

● **DOVER**, Britain's biggest passenger port, is to spend £10m on reclaiming land to provide additional space for freight traffic. The port handled trade worth almost £13bn last year.

● **BRITISH RAIL** has placed an order worth £11m with its carriage-building subsidiary for 60 coaches of new design for use on Inter-City routes.

● **REDHEAD's** ship repair yard on the Tyne, which closed last year through a shortage of work, is to be reopened. Former workers have pooled their redundancy payments and taken a lease on the yard from British Shipbuilders.

● **THE STOCK EXCHANGE** yesterday removed a three-year ban on Mr Jim Raper, the entrepreneur, which will allow him to use the markets again. Mr Raper fell foul of the City of London four years ago because of the way he took control of St Piran, a Cornish tin mining company. Removal of the ban comes 10 days after the Takeover Panel and Mr Raper reached a settlement on their differences.

● **MINERS'** leaders in Scotland are asking their union to declare official a six-day-old strike over redundancies at Monkton Hall colliery, near Edinburgh.

● **MALAYSIA**, Singapore and the U.S. are the most popular overseas postings for British executives, a survey by the Government-linked Professional and Executive Recruitment agency has found.

● **DAN-AIR**, the independent British airline, has applied to take over the Gatwick (near London) to Belfast route from British Midland Airways. British Midland is prepared to give up the service in its attempt to fight British Airways on the more lucrative route from Heathrow, London, to Belfast.

● **AMERICAN** visitors to the UK are likely to exceed 2m this year, against 1.7m in 1982, the British Tourist Authority said yesterday. Sir Henry Marking, chairman, said the tide of tourism was again running in Britain's favour.

● **MR ROY HATTERSLEY**, contender for the leadership of the Labour Party, said last night that the party faced further defeat at the polls unless it stopped its sectarian internal squabbles and appealed once again to the broad electorate.

Economic recovery continues but its pace slackens

BY ROBIN PAULEY

THE BRITISH economy's recovery from recession appears to be continuing with some strength, although there are signs that the impetus behind it may be weakening, justifying some of the recent caution in quarters such as the Confederation of British Industry.

The Government's blue book on income and expenditure, published today, shows that money GDP – gross domestic product at current market prices – increased by a little over 8 per cent between the first half of 1982 and the first half of 1983, slightly less than the rise between the second halves of 1981 and 1982. Real disposable income on the other hand rose by only 2 per cent between the first half of 1982 and the first half of 1983.

However, in the second quarter of this year, GDP remained unchanged from the first quarter on the output basis and fell 1.8 per cent on the expenditure basis. In the first quarter, GDP rose 0.8 per cent on the output basis and 2 per cent on the expenditure basis. The figures have been revised to take 1980 instead of 1975 as the base year.

The Central Statistical Office warns that both expenditure and income measures have been moving erratically in recent quarters, and a better guide is to take averages of pairs of quarters to assess trends. The average measure of GDP at constant factor cost for the first six months of 1983 was more than 3 per cent up on a year earlier and nearly 5½ per cent up on the first half of 1981.

The Treasury regards the output measure as the most reliable short term guide. In the first half of this year, it was about 3½ per cent above its low point at the trough of the recession in 1981. This shows that economic recovery has been gathering momentum and although the output measure did not improve between the first and second quarters, it is too early to write the recovery off. Rather, it suggests that after a very steep slide into recession followed by a steep climb out between 1981 and the beginning of this year, further progress is going to be modest.

This reinforces the Government's view and the evidence of the latest shorter and longer cyclical indicators which point to slow but sustained recovery of the business cycle well into 1984.

Lex, Page 20

Bankers' body 'rejects' Citibank

By David Lascelles

CITIBANK, the large U.S. bank which is trying to become the first foreign member of the UK clearing bank system, appears to have complicated its efforts by applying to the wrong organisation.

The bank, which has the largest UK presence of any foreign bank, confirmed yesterday that it had applied to – and been rejected by – the Committee of London Clearing Bankers (CLCB), the exclusive six-member club of leading UK banks.

However, City of London sources indicated last night that it would have been more appropriate for Citibank to have approached the Bankers' Clearing House (BCH), whose members include the Bank of England and the 12 largest UK clearing banks, and which operates the UK cheque clearing system. Citibank did not say whether it would now re-apply.

Citibank, well-known for its aggressive approach, said yesterday that its aim in seeking membership of the UK clearing system was efficiency. It would save itself the cost of having to settle its business through a UK bank rather than directly with the Bank of England.

LIBERAL PARTY ASSEMBLY AT HARROGATE

Steel secures right of veto

BY PETER RIDDELL, POLITICAL EDITOR

THE LIBERAL PARTY last night appeared to be moving together in support both of the leadership of Mr David Steel and of a common strategy, after a series of conciliatory developments between him and his vocal critics of the last few weeks.

After two days of preliminaries, the Liberal Assembly formally started in Harrogate yesterday in a generally harmonious mood, reflecting a deliberate attempt to leave behind this summer's rows.

The key move came during a private business session, when the Assembly voted by a margin of 597 to 309 to approve a proposal that the party leader should retain his veto over the final draft of the election manifesto. That was regarded by Mr Steel as crucial to his position.

He later said the party was in a disciplined mood. "The conference is showing common sense, as I thought it would." The debate was apparently not acrimonious, although Mr Steel was implicitly criticised for adopting a presidential style.

Critics were yesterday claiming that Mr Steel was moving in their direction. Mr Simon Hughes claimed after a meeting of Liberal MPs at lunchtime that Mr Steel was receptive to their views and wanted to open a dialogue with the activists.

A two-day meeting of MPs to discuss strategy will be held before Christmas and longer regular meetings will occur at Westminster than previously. Similarly, a group of Liberal MPs, including Mr Steel, will this week meet the Association of Liberal Councillors, the most vocal activist body, to discuss the party's future.

Benefactors halt cash supply

BY OUR POLITICAL EDITOR

THE LIBERAL and Social Democratic (SDP) parties both face the loss of a substantial part of their income as a result of decisions by two major benefactors to review all further donations.

Parts of the Rowntree Social Services Trust's grants to the Liberal Party have not been renewed, and Mr David Sainsbury, finance director and a sizeable shareholder in the Sainsbury food retailing group, has stopped, for the time being, his large-scale support for the SDP.

As a result, both parties who form an alliance are having to intensify efforts to raise money from members and, where possible, from corporate donations in order to avoid further staff cuts.

No figures have ever been confirmed publicly, but Mr Sainsbury's total support for the party and for related activities in the alliance is believed to have run into hundreds of thousands of pounds, notably in the period before the General Election in June this year.

Mr Sainsbury remains a strong and active supporter of the SDP and is one of its trustees. Some SDP officials believe the absence of his support could have a healthy effect in forcing SDP members to realise that a large backer will not always be around to help.

The Liberal Party has been supported for some time by the Rowntree trust which has close historical and personal links with the party. Its support has been for specific projects, totalling about £50,000 a year, though donations were roughly £250,000 in the year leading up to the general election.

books

FOR THE BUSINESSMAN

AN EXTRAORDINARY TAKE-OVER BATTLE

How the biter was bitten

Three Plus One Equals Billions
by Allan Sloan. Arbor House, New York, $15.95

IT WAS perhaps the most extraordinary takeover battle ever. For a period of 30 days last autumn four major U.S. corporations locked horns in a struggle during which management egos seemed to play a much bigger role than economic realities.

In the end the biter was not only bit; he was swallowed whole. Facing the combined opposition of Martin Marietta and United Technologies, Bendix collapsed exhausted into the arms of Allied Corporation.

The affair was a publisher's dream, featuring big money, violence and even a spot of sex —thanks to Mr Bill Agee, cchairman of Bendix, and his wife Ms Mary Cunningham, who both seemed to delight in giving embarrassingly awful interviews.

Allan Sloan's book is the first of what promises to be a stack of them on the affair and it gives an entertainingly lurid account of the story.

The style is homely—"On the farm Bill Agee helped milk the cows and clean the barn and perform his other chores"—and is only slightly marred by the author's evident dislike (which, by all accounts, is mutual) for two of his leading characters. Sloan pictures Ms Cunningham as an utter prune and cannot bring himself to say anything nice at all about Mr Agee, whom he describes as being "what is generally considered good looking."

Sometimes it's hard to distinguish gossip from fact in the narrative. For instnce, Mr Mike Blumenthal, former chairman of Bendix and Treasury Secretary, very reasonably refused to discuss his relationship with Mr Agee. But, we are told, "the author obtained the information from Mr Blumenthal's friends, some of whom have known the author for several years." So there.

But there is some revealing stuff, too, such as the story of how Bendix fell out with its investment bankers, Salomon Brothers, at the height of the battle and started shopping around for an alternative. It eventually picked up First Boston, from the start had evidently been hustling around on the sidelines looking for business. Explained Mr Joseph Perella, one of First Boston's top merger men: "Whenever a situation develops in breaking news, we try to get our firm involved one way or another."

For the UK reader one riveting aside is the report that an unnamed British company nearly joined the fray at one stage. It wanted to tender for Bendix and then exchange the shares for Bendix's truck parts business. Who might that have been? Surely not BTR?

The overall message is that victory in such battles goes to the most single-minded fighter. Martin Marietta was prepared to commit corporate hari kari to escape the clutches of Bendix. But Mr Agee, with all kinds of fancy plans and scenarios on his mind, never seemed to be quite sure whether he was on the attack or the defence.

Allan Sloan uses the story to condemn the teachings of the Harvard Business School, which produced both Mr Agee and Ms Cunningham and which, he says, is concerned only with numbers and short-term profits at the expense of the finer things in life.

But the real lesson of this affray is surely that the rules of contested takeover in the U.S. need to be rethought. The present free-for-all system has all kinds of defenders, ranging from Mr William Baxter, the chief of the Justice Department's Anti-Trust Division, to Mr Carl Icahn, a well-known corporate raider who has recently been setting himself up in an unlikely role as champion of shareholder rights.

As Mr Baxter says, there is a great deal to be said for allowing the free market to decide the ownership of companies. But what is evident in the Bendix story — and in a number of other recent bids — is that the free market is not always allowed to work properly on Wall Street. Shareholders' freedom of choice can be frustrated by two powerful interest groups — investment banks, the size of whose fees depends on their coming out on the winning side, and business executives, whose jobs are on the line.

Hence the introduction of all sorts of colourfully named ploys into the bid arena — golden parachutes, sweetheart deals, scorched earth strategies, shark repellants, pac man offers, two step tenders and the rest. All these devices have one thing in common; they are intended in one way or another to prevent a bona fide takeover bid.

It all make the dear old City of London Takeover Panel, which has long since banned such things, look quite dynamic.

RICHARD LAMBERT

The British Government poured £85m into a far-fetched project to build De Lorean's sports car in a plant at the end of the Falls Road, Belfast

THE BIZARRE TALE OF DE LOREAN

Selling a shell

De Lorean: The Rise and Fall of a Dream Maker
by Ivan Fallon and James Srodes. Hamish Hamilton. £8.95

GENERAL MOTORS had rumbled John Zachary De Lorean by 1973, when he was forced to resign as boss of the Chevrolet division. But it was not until 1982 that the UK Government finally learned the same lesson—by which time it had poured £85m into a far-fetched project to build a bizarre stainless steel sports car in a plant at the end of the Falls Road in Belfast.

According to the authors of this brilliantly researched probe into a political, business and personal disaster, almost everything about De Lorean was phoney. His face had been lifted and his chin was made of plastic; and despite his supposedly glamorous way of life, he would typically spend lunchtimes munching a tuna sandwich in his office and evenings would be passed quietly at home.

As for his car project, when he sold it to the UK Government it was little more than a design for a body shell bought from Guigiaro in Italy. Virtually the whole of the engineering was subsequently reworked by Lotus in England.

But De Lorean had one asset in plenty—style. To financiers and politicians he looked the part—rich, confident, and above all, ready to talk in terms of the big numbers which were the only ones that Government officials were interested in. He was also foreign—which somehow gave him a credibility which a home-grown entrepreneur would have lacked.

Later on there was criticism of the lavishness of it all—the entirely unnecessary New York penthouse suite at 280 Park Avenue, the $500,000 personal salary, the Concorde trips, the gold taps at an executive house in Belfast (a city, incidentally, where De Lorean never spent more than three days in a row).

All this looked incongruous and offensive as the company tottered and the hopes of thousands of workers in the Belfast plant and its suppliers were cruelly shattered. Yet in truth it was only because De Lorean looked like a tycoon and behaved like one that he ever got the project off the ground in the first place—persuading not just the UK Government to put up hard cash but also many U.S. car dealers, plus a syndicate of venture capital investors put together by the New York investment bank, Oppenheimer.

The project was doomed from the start, being based on quite erroneous market analysis. It was, in fact, no small achievement on De Lorean's part that he actually got the factory up and running. But when he did, there was no way that the product could be sold.

Failure to make a proper study of the potential market was just one of the mistakes the Northern Ireland officials and UK Government Ministers made in blundering into the venture on such a gigantic scale. Tantalised as they were by the job creation possibilities, they also failed to carry out a proper investigation into John De Lorean himself.

Crucially, too, they ignored a basic principle of venture capital: that the backers must give themselves the power to take control from the entrepreneur when the project starts going wrong. The deal negotiated in just 45 days in the summer of 1978 handed equity control to De Lorean in a two-tier structure. De Lorean held all the cords; subsequently he made repeated (and often successful) demands for even more money, another £30m in all, and was able to flout the requirement that he should not engage in other business ventures without express approval.

At the end of it all John De Lorean is disgraced as an alleged drug-trafficker, and others are seriously tainted—notably Colin Chapman of Lotus whose reputation has been perhaps permanently smeared by the association with the still unexplained GPD Services, the Panama company based in Switzerland through which some $17.7m of De Lorean backers' money appears to have vanished. The strains of the De Lorean affair may well have contributed to Chapman's early death. Meanwhile, as the authors point out, there is little sign of any official UK investigation into political responsibility for the De Lorean debacle.

Ivan Fallon and James Srodes are to be congratulated on their tenacity in getting to grips with De Lorean and his car porject. The central mystery of De Lorean's personality is not properly explained and towards the end the authors become somewhat overwhelmed by the wealth of their material. But it is an impressive piece of work.

BARRY RILEY

MANAGEMENT CONCEPT ANALYSED

Circles that need support

The Management and Maintenance of Quality Circles
by Robert I. Patchin: Dow Jones Irwin, 1818 Ridge Road, Homewood, Illinois 60430; $17.95

THE RECENT history of industry, particularly in the U.S., is strewn with management experiments tried and discarded. This book is broadly optimistic about the currently fashionable quality circles, while warning that without full management support within companies they could go the way of fads like zero defects, statistical analysis and management-by-objective.

Quality circles are groups of five to 15 people who work together and who meet voluntarily, usually for an hour each week, to identify, analyse and resolve problems of product quality or efficiency in their departments. Normally established by management, they can yield cost savings and reduced absenteeism, grievances and labour turnover; workers can become more co-operative as they are invited to contribute with their brains as well as their hands.

The concept was developed in Japan during the 1960s as part of Japan's postwar drive to obliterate its earlier reputation for shoddy goods. It was built on U.S. ideas of quality control and plant management. During the 1970s it began spreading to the West, where it is still generally considered to be in its infancy.

Important shift of emphasis

By the spring of 1982 the International Association of Quality Circles based in Midwest City, Oklahoma, had 3,400 members. Circles were operating in U.S. corporations such as General Electric and Westinghouse and in navy bases. The emphasis even in Japan had begun shifting from quality towards productivity issues and this was more pronounced in the U.S.

Recognising the difficulties of transplanting an idea rooted in Japanese social consensus on to the more competitive and adversarial management style of the U.S., Patchin is sympathetic to senior management's requirement to see results on the bottom line.

His personal experience is as director of productivity for the aircraft division of Northrop Corporation of Los Angeles, where annual cost savings from circle projects have totalled more than $1.5m and employee morale has improved. As a general rule he believes circles achieve savings of roughly 2:1 to 6:1 in relation to their operating costs.

Patchin is active in a formidable range of bodies concerned with productivity. The strength of his book is its detailed analysis of his own and others' practical experience with quality circles and their pitfalls. Its weakness is homespun sociology. In a simple analysis of the U.S. psyche, he gives circles a grand role as "one technique of putting together again" the conflicting trends of individuality and interdependence.

Backing by top management

Amateurism and inexperience can wreck a circle programme, as can myriad internal pressures—notably insufficient involvement by middle management. After initial enthusiasm, circles often reach a crisis after 9-12 months and can collapse if managers do not take responbility for nurturing them in their departments.

After succesful pilot schemes at Northrop, plans to expand the number of circles hit trouble when it was realised that middle managers were not trained to know what was going on in the circles and made almost no effort to implement changes approved after presentations by circle members. To correct this, top management's backing was won to run a training scheme for line managers—a requirement which most U.S. consultants now stipulate.

Patchin advocates sharing a portion of cost savings with circle members as a reward, perhaps by linking them with existing employee suggestion schemes. This is anathema to many quality circles enthusiasts, who argue that the profit motive pollutes the concept and that wrangles over rewards can destroy the co-operative spirit. "My conclusion is that money talks," writes Patchin. He estimates that even in Japan one-third of companies with quality circles give some kind of monetary reward.

BRIAN GROOM

BANK HISTORY

A work of rare quality

Eastern Banking, Essays in the History of The Hongkong and Shanghai Banking Corporation
edited by Frank H. H. King. The Athlone Press. £35

HERE IS the real stuff of corporate history: a magnificent, lavishly annotated collection of research papers on every aspect of an institution which has helped shape the lives of many thousands over the past 120 years — and through them the development of their highly structured society in which it which it has itself remained a key pillar while flimsier empires have come and gone.

Never mind that the narrative succumbs here and there to specious waffle on methodology, that great hammers of academic contemplation descend from time to time on the tiniest of nuts or that the style tends towards the tones of a deacon praising his bishop in the parish magazine. For this is really a parish magazine of Continental proportions, blessedly short of historical theology — not much here, for example, on the lessons of capitalist imperialism—but long on the fascinating details of the matter.

Professor Frank King, a noted scholar of Far Eastern history, has edited 32 essays on the Hongkong Bank Group which draw with meticulous footnotes on a huge range of primary sources. Many of these come from the group's own archives, first properly organised in the years running up to its 1966 centenary. Mr Michael Sandberg, chairman of the bank for the past six years, has actively encouraged the scholars since appointing a former secretary to the group as Controller of Group Archives in 1977.

Professor King himself sets the tone with a dauntingly researched essay on the bank's establishment in 1864-66 as a unique institution with an Imperial charter but no London

CONTINUED ON NEXT PAGE

BOOKS

EXCHANGE CONTROLS

Story of Sterling

The Political Pound
by John Brennan. Henderson Administration. £3.50

LIKE AFTERNOON closing hours for public houses, exchange controls in Britain were introduced almost as an accidental by-product of World War I. Despite a nostalgic attempt to put the clock back between the wars—so far as exchange control was concerned—both measures proved surprisingly durable. Exchange controls seem finally to have disappeared only with the election of Mrs Thatcher's first administration in 1979, while lunchtime pubbing is still rigidly curtailed.

The original purpose of exchange controls was to give the Bank of England a means of supporting the pound against the dollar at a period when sterling was gold-backed currency and Britain—unlike the U.S—was trying to finance a full-scale war in Europe. To that end the Bank bought dollar securities from their UK holders for resale in New York. Control over private dollar holdings thus helped fund a flow of American armaments towards the battlefields of France without wrecking the exchange rate or running the Bank out of gold.

This reasonable, if technical, justification for the control of previously unfettered movement of currency in and out of the country was before long superseded. The war, after all, ended in 1918. Unfortunately, it hastened Britain's slip from its status as a dominant industrial and financial power into that of a small offshore country with a structural balance of payments deficit. World War II finished this transformation.

One result, to cut this long and familiar story short, was to instil in the UK authorities a chronic unwillingness to do anything which made it easier for a capital outflow to accompany the steady drain on current account.

The Political Pound is John Brennan's attempt to trace this story from the Pax Britannica of the last century to January of this year when, in the free market restored by Sir Geoffrey Howe, sterling was apparently disappearing down a black hole and the election of Michael Foot's Labour Party seemed not completely fanciful.

It was this last possibility which no doubt inspired Henderson — a fund-management company—to commission the book. It certainly figured in the market's rationalisation of the 15 per cent devaluation of sterling which had then taken place in a matter of weeks. The Labour Party's economic proposals included a frightening combination of controlled devaluation (to boost exports) together with import controls (to raise the proportion of home demand which was met by UK output) and exchange controls (to stop the flight of investment funds to areas where higher rates of return seemed likely to be found).

At the time it must have seemed a good idea to point the moral by a discussion of exchange controls in the past, with hoary portraits of Churchill and Montagu Norman, and in the future, with pictures of Arthur Scargill and Peter Shore.

The book is a fairly good read, in its historical chapters, though the narrative tends to be curiously less convincing the nearer one comes to the present —probably a function of brevity. However, the 1983 election has indefinitely deferred the moment when the markets will need to frighten themselves with the idea of a Labour Chancellor—or indeed with the prospect of exchange controls. So the final section, where Mr Brennan reviews the political options—freedom versus economic intervention—has an academic rather than topical flavour.

That is no doubt an emphasis with which the publishers will be quite content.

DUNCAN CAMPBELL SMITH

BANK HISTORY:

Continued from previous page

headquarters. Born at a time of intense speculation throughout the Empire, when banks were being founded at a rate of one a week, it was conceived from the first as a specifically local bank. The Government of the Hong Kong colony and all the major participants in the growing China trade supported it, with the signal exception of Jardine Mathieson.

It came into the world managed by a Swiss in Hong Kong and a Scotsman in Shanghai who was deflected to a life in China after being shipwrecked on his way from the Mother Country to Australia. Today it has total assets last reported at US$58bn and is hard at work on a new headquarters in the colony which looks like costing rather more than the £500m which the group bid for the Royal Bank of Scotland in 1981.

By chronicling the story with business and finance at the centre of the stage rather than the politics and diplomacy which usually fill the bill, this volume makes an invaluable contribution to historical scholarship. The City's role in the making of the Empire, the adventurism of the European powers in pre-war China, the impact of Japan's Co-Prosperity Sphere and the dynamic post-war years of the economic miracle in the Far East are among the principal episodes to benefit. But there are plenty of others.

For the non-specialist it all adds up to a bedtime compendium of rare quality. Until 1941, we learn, junior employees of the bank routinely took part in marathon signature sessions to ensure that every one of its banknotes in issue was handsigned. When the invading Japanese forces liquidated the group in 1941, they found $7.5m of unsigned banknotes in the vaults and sat the staff down at gunpoint to make the necessary amendments.

This is the first of a series of volumes now in preparation. Anyone able to afford this one will be saving up for its successors.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

● THE workshops and classrooms of the new Isidingo Technical College for young blacks will be completed next month, out beyond Benoni in the East Rand Township of Daveyton. The whole project will cost Rand 13m (£8.1m) and the pupils will arrive in January.

● Far to the north, near Phalaborwa in the remote and famine-stricken homeland of Gazankulu, a new health services development unit will also be ready in October. It cost a modest Rand 120,000 and has been built at top speed.

● The Soweto Homemakers Festival in Johannesburg's black sister-city attracted 150,000 visitors last April and did not need to call on its *underwriter for* any of the Rand 100,000 that was on the line.

All these projects are financed by, and examples of the work of, the "Chairman's Fund" of the Anglo American Corporation and De Beers. They are examples of "social responsibility" on the part of private enterprise in South Africa, and, since the Anglo group dominates business life in the republic, the role of the Chairman's Fund is evidently important.

Corporate responsibility—the "businessman's conscience"—is, of course, well known in many Western countries, but in South Africa's circumstances the concept is peculiarly delicate. The men at Anglo are skilled at operating in an apartheid state with whose ideology they are in public disagreement.

Gavin Relly, the new chairman of Anglo American, came to the job this year without the well-known antagonism to apartheid of Harry Oppenheimer, his predecessor. But he addresses the fundamental justification of corporate responsibility without demur.

"The case for doing something that brings no immediate return, and which anyway you do not have to do, is that an investment in the future wellbeing of your society and of your country must in the long run be of benefit to your business."

Put that statement in a South African context and it becomes a little more complicated than it would be in Birmingham in the UK or Cleveland in the U.S. That is the problem facing the chairman of the Chairman's Fund, Michael O'Dowd, *an* alternate director of Anglo American and one of its house-liberals — although he would wince at the phrase.

The joint Fund (of Anglo American and De Beers) was set up in 1973. Its most important feature is that its annual income is derived from a fixed formula.


Harry Oppenheimer (left) the founder of the Chairman's Fund, and Michael O'Dowd, its present chairman

Social funding the Anglo way

J. D. F. Jones explains the role of the South African group's Chairman's Fund

The detail is complicated, distinguishing as it has to between company dividends and mines' declared profits, not to mention the tax aspect (which has recently changed, to the benefit of the Fund). In practice, though, the Chairman's Fund receives 1 per cent of dividends in the group.

This guaranteed formula in 1982 meant R17m, in 1981 R16.3m, in 1979 R3.7m, in 1972 R1.4m, and so on (the role of the gold price is obvious). In the 11 years 1972-82, the *Chairman's Fund spent R65.5m.*

Far and away the most favoured target of the Chairman's Fund is education — and largely education for the black (and underprivileged) majority. The argument is that the *nation's economic growth and* social stability are equally damaged by weaknesses in the Government's school system.

So the Chairman's Fund builds classrooms; founds "Technikons," technical colleges and agricultural high schools; finances the training or upgrading of teachers; supports expansion in neighbouring universities; and even — and more controversially — supports private schools, provided (or perhaps because) they are non-racial. It has been calculated that R35m of the eleven-year expenditure has gone into black education.

Then there's health, particularly out in the bush; community aid for the underprivileged, particularly with an emphasis on "self-help"; funding for university research into labour, rural development studies and urban problems; and, not least, the whole range of more obviously "charitable" work.

But does all this mean that Anglo is generously donating 1 per cent of its dividends to fill in for the South African *Government in areas to which* that Government gives low priority? Gavin Relly is on record with the general principle: "The state system is unlikely to inspire, let alone act upon, the imaginative, 'way-*out' means of tackling a social* problem that a private organisation could conceive of and carry through."

O'Dowd has to tackle the delicate interface with Pretoria's policies. So does the Chairman's Fund work inside the apartheid system? "We will do anything in the homelands [the ethnic black Bantustans] in terms of the actual de facto situation. We will do nothing in any homeland which only makes sense as part of the policy of turning it into a viable separate country."

He says: "We certainly wouldn't pay money for facilities which would *facilitate* things like resettlement" [ie removal from the towns to remote resettlement areas]. On the other hand, "there is a big element of compromise, which certainly involves working with the system."

None of this should give the impression that the rest of the South African business community is not mindful of its social conscience.

Barlow Rand, for example, would not concede an inch to Anglo in terms of conscience (and chairman Mike Rosholt has probably succeeded Harry Oppenheimer as the principal business voice, querying and often challenging the government's policies), but—as in so many areas—Barlow Rand operates differently.

There is substantial financial support for community and social needs, and the sum involved is substantial. No-one in South Africa doubts that, though the figure is not for publication.

Members of the group are levied a fee for central administration which thereby supplies the budget for corporate responsibilities.

In *contrast, South African* Breweries, the country's largest consumer products group, has its Community Trust, which operates along lines similar to Anglo/De Beers.

There is the same magic *formula* of a fixed percentage of annual group profits (1982 = R86m)—"Let's say it's 1 per cent"—on a system which has been running for five years.

Interestingly, since this is a group with a high marketing instinct, the Community Trust chooses to keep rather a low profile. The emphasis, again, is on flexibility and also on community self-help — education, health, welfare. There's an important Soweto school project, and others like supplying *an encyclopedia to every black,* coloured and Indian secondary school (which sounds easy but will cost R800,000).

Add to that an interest in tertiary education, promotion of small business, creches, *tuberculosis and dental clinics,* old age homes, and so on and so forth.

There is no way of putting a figure on this South African corporate conscience, still less of assessing the impact of these funds on the community.

To the extreme critic, they are the equivalent of a few coins to the mob on the brink of revolution. To those involved in the programmes, they are a sincere, though perhaps inadequate, contribution. Their scale is such that no one could seriously doubt their positive value.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Tax avoidance

May I request your views on the following problem?

A small company with two principal shareholders is to be sold by transfer of shares, *and the two shareholders have* promised (no agreement of any kind) to give a certain proportion of the proceeds to an employee. Capital Transfer Tax can be ignored, but the two shareholders could be liable for C.G.T. The employee will not be liable for C.G.T.

If both or either of the two shareholders transferred to the employee an appropriate proportion of their shares just before the sales agreement *was entered into so that the* promise to him would be satisfied by his selling his shares, would the transaction be caught by the Ramsay principle or would the Westminister principle apply? potential amount of CGT is only a few thousand pounds but it is important to the persons involved.

If this approach does not commend itself would you please suggest alternatives.

From a glance through our *files,* we see *that* you *have* sought our advice on home-made tax avoidance schemes etc on a number of occasions: January 1979, August 1980, October 1980 and January 1982. The theme underlying *our answers,* and explicitly stated in those published, is that someone with as little detailed knowledge of anti-avoidance legislation as you clearly have, must rely on good professional advice, based upon knowledge of the full background facts.

As you have come back to us with yet a further scheme, which again appears to overlook anti-avoidance legislation, we take it that you are fundamentally dissatisfied with the company's auditors' skill in the tax field. Clearly you should consider recommending that they be replaced by a local firm more suited to your requirements; trying to avoid the admittedly high cost of skilled advice is likely to prove a false economy.

We should be doing a disservice if we gave you any hope of success with do-it-yourself tax avoidance schemes.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Executive search

A relatively untapped market

EXECUTIVE search in Europe went flat last year for the first time since this method of recruitment was imported from the U.S. 20 years ago.

Total billings for 10 Western European countries, which jumped by more than 30 per cent to $134m over the two-year period to 1981, did not increase in 1982, according to a client survey of 163 executive head-hunters. Increased activity in Italy, Scandinavia, Spain and Portugal—all late development areas for executive search—as well as France, was offset by downturns in the UK, Belgium, Switzerland and Germany.

The survey, by Consultex, an international research organisation operating out of Geneva, Switzerland, also found that the establishment of new companies, and the opening of new offices, has slowed down; over the last three years the number of search consultancies has increased by only around 5 per cent to about 300 overall.

As the figures show, executive search—usually an extension of the activities of established management consultants—has become big business in Europe.

Traditionally, top-flight vacancies were filled using an "old-boy" network or placing advertisements in newspapers. In "search," consultants are employed to look for suitably qualified candidates.

In 1980, when Consultex's first survey on European head-hunters was published, billings were estimated to be growing at around 20 per cent a year. The only period in which activity did not increase at this rate was in 1974-75—the time of the Middle East oil crisis.

The latest billings position reflects the severity of the current recession—and in particular the downturn in middle management recruitment. Most head hunters consider this to be a temporary state of affairs as the market for "search" assignments is still relatively untapped; a 1980 report by the British Institute of Management and the Institute of Personnel Management found that only 15 per cent of UK companies used executive search for managerial positions.

The Consultex survey, which is being sold for the equivalent of £830 a copy, found the UK to be the single biggest "search" market in Europe, bringing in fees of $30.8m in 1981 for the country's 44 established head-hunters. This was followed by West Germany ($26.1m), France ($25.9m), Switzerland ($16m) and Belgium ($11.5m).

The survey found that the number of individual searches for top management positions numbered around 1,700 in the UK, 1,500 in France, and between 620 and 920 each in West Germany, Switzerland and Belgium.

In Italy, Scandinavia, Spain and Portugal, where "search" is still a relatively new industry, over 1,000 assignments were undertaken, earning $17.5m in billings.

Across Europe, the average fee charged for an assignment in 1981 was a hefty $18,500. In common with the U.S., search firms in Europe set their charges (excluding expenses) either as a percentage of the successful candidate's first year *salary or a fixed fee according* to the estimated difficulty of the assignment.

Percentage fee system

The highest average fees are charged in Scandinavia, at $21,800 per assignment, with the lowest fee levels occurring in France ($16,000). According to Consultex, around 70 per *cent of all search assignments* lead to the client company hiring one of the candidates presented.

Fees charged by firms using the percentage system tended to be slightly lower than those of *companies fixing fees* in advance. In general, client companies tend to prefer the more expensive fixed charge system because—says Consultex—the fee can then be budgeted in advance and the search consultant is not tempted to push for a higher salary in negotiations.

Consultex notes the emergence of a number of trends: established search firms continue to fragment, with consultants leaving to set up their own organisations; more consultancies are now offering an "out-placement" service to advise redundant executives in their search for new jobs; and the emergence of more "boutique" firms which specialise only in top management assignments.

Another survey** on executive head-hunters, published by A. T. Kearney, the management consultants, shows that while British companies are still generally disinclined to use search at lower and middle management levels, it is the favoured form of recruitment for senior and board level appointments.

Fifty seven per cent of a sample of 378 major companies made boardroom appointments through "search" in the past two years, it found.

The percentage is even higher for the top directors. Between 54 and 68 per cent of those companies which had appointed a new managing director, or finance, marketing or personnel director had used executive search. In contrast, search was *least likely* to be used to appoint heads of operational functions like purchasing, production, research and development/technical, and company secretaries.

Head-hunters' optimistic outlook is borne out by the finding that a high percentage of companies said they would use search in the future to make a senior appointment. Between 46 per cent and 62 per cent of the sample said head-hunters would be brought in to find a managing director, a finance director or marketing director when the situation arose.

Kearney, which itself moved into the search business in the late 1970s, points out that there is a general sensitivity among companies over executive search born of a reluctance to admit to the need for it and the requirement of anonymity/confidentiality attached to its use.

It also admits that executive search is an easy target for criticism "because of the so-called 'cowboys' and, as with advertising, everyone has an opinion, usually critical, about it."

However, the overall reaction to executive search was "favourable," in spite of the fact that it was perceived as expensive, it adds.

**Executive Search in Europe, available from Consultex, 157, Route du Grand-Lancy — 1213 Onex-Geneva, Switzerland. Price SwFr 2,500.*

***Use of Consultants for Senior Appointments, available from A. T. Kearney, 134, Piccadilly, London, W1. Price £20 for non-respondents.*

Arnold Kransdorff

ENERGY REVIEW

New role for Germany's King Coal

By Elgin Schroeder in Bonn

THE CENTRE-RIGHT Government in Bonn is likely to revise West Germany's policy of giving domestic coal priority over other sources of energy as well as encouraging a shift towards nuclear power in the longer-term.

At least this is how Chancellor Helmut Kohl's words that "he is not prepared to give the coal industry production and sales guarantees for the future," spoken before the North Rhine-Westphalian state parliament, are widely interpreted. Herr Kohl made this statement, adding that the hour of truth was fast approaching, only two weeks before a crucial round of talks between the Government, the so-called "Kohlerunde" (the provinces of North Rhine-Westphalia and Saarland), the industry and the miners' union is due to begin on September 29. From this meeting a new concept of the role of coal may well emerge.

As the only abundant domestic energy source with proven reserves of more than 4bn tonnes, coal took on a central position in West Germany's energy planning after two major oil crises had showed up the country's vulnerability as one of the world's biggest oil importers. Despite high production costs that make German coal one of the most expensive

The first pit is due to close at the end of this year

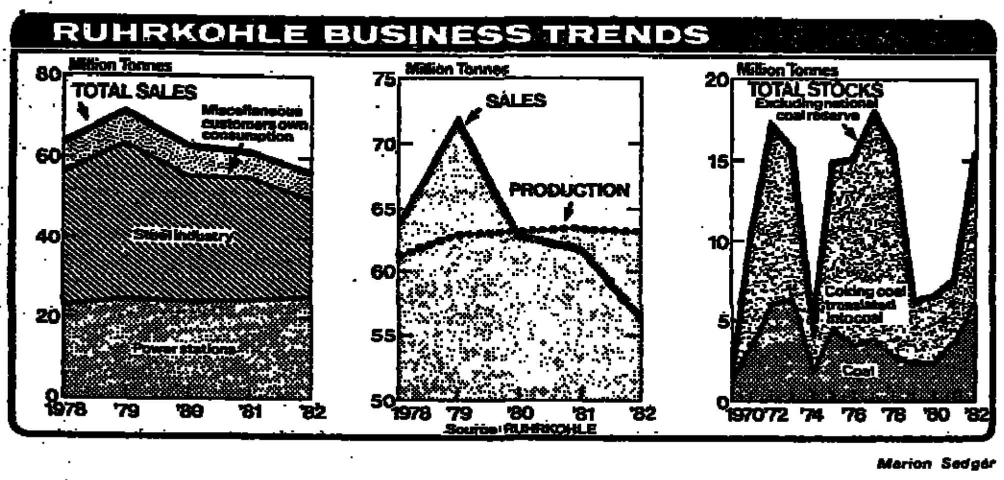
in the world, output—which had plummeted during the 1960s and 1970s—began to rise again. The industry even opened its first major coal mine in 17 years at Bergkamen in the Ruhr in 1981.

Aided by substantial central and local government financial support—which at the beginning of this decade averaged more than DM 6bn including investment, subsidies and restructuring costs—the industry's fortunes gradually began to recover. The much heralded "renaissance" of coal was looming large.

Today—less than three years later—the picture has changed drastically. Due chiefly to a steep decline in demand for coking coal by the ailing steel industry—which is aggravated by a continuing fall in West German primary energy consumption prompted by conservation and the economic recession—stocks of unsold coal are rising fast. At more than 35m tonnes (including the 10m national coal reserve to safeguard West German energy supply), they have now reached the highest level in the country's post-war history. With total output at about 90mt a year, overcapacity is currently running at more than 10mt a year.

The costly build-up of coal stockpiles has already led to the decision to close the first pit in 10 years in the Federal Republic at the end of this year. The Erin pit is owned by Eschweiler Bergwerksverein (EBV), a subsidiary of Arbed, the beleaguered Luxembourg steel group. About 3,800 jobs will disappear when it shuts, although some two-thirds of the workforce will be offered work at pits within the EBV group or with two other coal-mining companies.

About 17mt of coal (apart from 7mt of national coal reserve) are stockpiled in the Ruhr area alone. This is about a quarter of the annual production of Ruhrkohle, West Germany's dominant coal producer with a 72 per cent share in overall output. This stockpile is likely to grow by another 1m tonnes this year, despite a planned reduction in output to 57mt from 63.3mt in 1982. To achieve the cutback, the company gave miners five extra paid days off in the first half of this year. It has also reduced the number of shifts worked, maintained an existing hiring stop and will have miners on short-time work on 12 production-free days in the second half.



Marion Sedgér

However, these measures will hardly suffice to further lower output to 52mt in 1984—a move Ruhrkohle considers imperative in view of the long-term slack in coking coal sales foreshadowed on structural grounds. Feeling the pressure of heavy interest payments on investments to maintain pits—while huge amounts of cas are tied up in unsold coal—the company's board has drawn up as yet secret plans for mine closures. Rumour has it that the management has worked out four alternative models of how to cut capacity.

But news that Ruhrkohle may be shutting down between two and two-and-a-half mines employing 10,000 to 12,000 people leaked out and caused much dismay in Dortmund, Luenen, Bottrop and Gelsenkirch — mining centres which already have unemployment rates of 15 per cent. If the company goes ahead with its plans, as many as another 10,000 jobs may be lost in the industries that supply the mines with specialised equipment.

The Bonn Government has, meanwhile, sided with Ruhrkohle in saying that capacity cuts are unavoidable to adjust to the steep fall in sales. According to Count Otto Lambsdorff, the Federal Economics Minister, pit closures cannot be ruled out to achieve the necessary cutbacks.

This was why, he explained, the Government was presently examining the adjustment proposals put forward by Ruhrkohle and discussing "flanking" measures to help miners who would be affected by the plans.

Although the Economics Minister described the situation of the coal mining industry as "desolate," he made clear that the Government did not intend to increase subsidies beyond those already pledged. This means that the German coal producers can expect as part of its funding DM 550m as coking coal aid and DM 184m as investment help next year from Bonn. Count Lambsdorff came out strongly against a subsidisation of coal exports. "Coal exports," he said, "cannot be seen as a contribution towards ensuring West German energy supply."

However, he pledged continuing help for miners retiring early, the continuation of the national coal reserve and the protection of steam coal in the domestic heat market.

Herr Adolf Schmidt, chairman of the Miners' Union, without whose blessing the industry can do nothing, has indicated that he realises his union cannot ignore the profit motive in a free enterprise system nor the emptiness of the public coffers. Yet, he announced, he would oppose any "total shutdown of a living mine"—though he might not necessarily oppose partial measures.

What he had in mind, he explained, was the possibility of closing parts of mines whereby the open-cast operation of one pit would be shut down while underground work would proceed at a lesser rate.

Herr Schmidt also demanded that "the range of instruments now available to cope with the social effects of mine shutdowns must be enlarged." He has put forward some unconventional proposals, among them shorter working times for miners and a sort of "hard times fund" similar to that existing in the construction industry. This would amount to a pool, he said, into which all pay in and draw out if and when needed.

The union and many municipal policymakers have also called for curbs on imported coal to boost domestic sales to the German electricity supply industry. Under long-term delivery contracts with the utilities—running to 1995—domestic coal is already ensured a growing electricity market. The contracts have also ensured that this market is to be highly subsidised through the so-called "Kohlepfennig." This is an extra tax German users have to pay with their electricity bills to support the cost of domestic coal production. However, this pact between the coal industry and the electricity supply sector has also opened the way to a liberalisation of West Germany's regulations on coal imports. Some 10mt of much cheaper foreign coal was shipped into the Federal Republic last year.

However, a recent development within the industry itself suggests that more Ruhr coal may be used for electricity generation after all. Veba, West Germany's largest

Curbs on imported coal are being sought by the union

industrial concern, with interests in energy, chemicals, and trading, has said it intends to increase its 27 per cent stake in Ruhrkohle to roughly 40 per cent. As a first step Veba has already bought a 7.4 per cent stake in the coal producing company held by Mannesmann. Its negotiations with Salzgitter about the steel company's 11 per cent interest in Ruhrkohle are also likely to be successful.

Veba, 44 per cent Government-owned, says it can see a bigger role for coal in power production. "Since Ruhrkohle's steel customers have declined in significance, a closer co-operation with Veba offers considerable advantages for both sides," according to a Veba spokesman. Veba has traditionally produced mostly nuclear-generated electricity but argues that domestic coal should be given a chance to prove itself economically.

WORLD CAR MARKETS

UNITED KINGDOM

	Jan-June 82	%	Jan-June 83	%
Domestic	330,666	42.29	397,742	43.16
Imports	451,215	57.71	523,858	56.84
Total market	781,881	100.00	921,600	100.00
DOMESTIC				
Ford	234,932	30.00	278,962	30.30
BL	141,403	18.10	166,705	18.10
GM (Vauxhall/Opel)	93,251	11.90	130,652	14.20
Peugeot/Citroen/Talbot	51,631	6.60	54,670	5.90
IMPORTS				
Volkswagen/Audi	46,342	5.93	53,750	5.83
Datsun	44,225	5.66	48,925	5.31
Renault	36,115	4.62	34,587	3.75
Volvo	26,055	3.33	31,543	3.42
Fiat/Lancia	25,876	3.31	25,300	3.03

JAPAN

	Jan-June 82	%	Jan-June 83	%
Domestic	1,478,454	98.84	1,469,397	98.86
Imports	17,231	1.16	16,870	1.14
Total market	1,495,685	100.00	1,486,267	100.00
DOMESTIC				
Toyota	578,879	38.70	580,996	39.09
Nissan (Datsun)	402,038	26.88	400,334	26.93
Mitsubishi	124,589	8.32	87,467	5.88
Toyo Kogyo (Mazda)	121,237	8.10	125,523	8.44
Honda	115,921	7.75	111,871	7.52
Daihatsu	38,449	2.57	53,809	3.62
Fuji (Subaru)	36,412	2.43	34,941	2.35
Suzuki	31,651	2.11	44,072	2.96
Isuzu	29,278	1.95	30,384	2.04
IMPORTS				
Volkswagen	5,669	0.40	6,872	0.50

WEST GERMANY

	Jan-June 82	%	Jan-June 83	%
Domestic	953,370	76.3	1,082,997	76.9
Imports	296,224	23.7	325,105	23.1
Total market	1,249,594	100.0	1,408,102	100.0
DOMESTIC				
Volkswagen/Audi	376,786	30.2	404,822	28.7
Opel	235,319	18.8	276,086	19.6
Ford	136,286	10.9	172,131	12.2
Daimler-Benz	125,608	10.1	132,427	9.4
BMW	73,383	5.9	90,518	6.4
IMPORTS				
Fiat	55,842	4.5	57,894	4.1
Peugeot/Citroen/Talbot	54,480	4.4	52,933	3.8
Renault	52,481	4.2	50,340	3.6
Mazda	21,422	1.7	31,284	2.2
Toyota/Daihatsu	24,485	2.0	31,183	2.2

FRANCE

	Jan-June 82	%	Jan-June 83	%
Domestic	754,758	71.4	727,542	68.5
Imports	301,954	28.6	335,137	31.5
Total market	1,056,712	100.0	1,062,679	100.0
DOMESTIC				
Renault	416,757	39.4	375,128	35.4
Peugeot	133,659	12.6	154,100	14.5
Citroen	137,975	13.1	143,636	13.5
Talbot	66,342	6.3	54,657	5.1
Total Peugeot group	337,976	32.0	352,393	33.2
IMPORTS				
Ford	61,242	5.8	75,826	7.1
Volkswagen/Audi	66,202	6.3	62,184	5.9
Fiat	48,032	4.5	47,591	4.5
General Motors	24,124	2.3	40,733	3.8

Top six contenders in the scramble for Europe

By Kenneth Gooding, Motor Industry Correspondent

THE TOP of the West European car sales league table was extremely crowded during the first half of 1983. Only 1.1 percentage points separated the top company, Ford, from its arch-rival General Motors in sixth place.

The line-up looked like this —1982's first-half rankings in brackets:

Ford 12.6 per cent (11.9)
Renault 12.4 (14.2)
Volkswagen-Audi 12.2 (12.4)
Fiat 12.1 (12.8)
Peugeot group 11.7 (12.8)
General Motors 11.5 (9.7)

In volume terms, the others were also-rans with BL accounting for 3.8 per cent (3.7), Mercedes 3.1 per cent (same) and BMW 3 per cent (2.9).

The percentages are based on total Western European car sales of 5,772,957 in the first half of this year, up 5.2 per cent on the same period of 1982.

A number of factors came together to cause the jam at the top of the league.

The French producers suffered adversely from the industrial disputes which plagued their plants this year. It left them short of cars and cost them market share at home.

Renault, for example, estimates it lost 30,000 to 40,000 cars because of the industrial problems early in the year.

However, Renault's president, M Bernard Hanon, reckons that the main reason his group lost European market leadership is that it is only halfway through the process of renewing its product range. "Others are more advanced and that is helping them," he maintains.

Certainly, it is true that Renault's best-seller, the R5, is getting rather long-in-the-tooth and is ripe for replacement soon.

Perhaps M Hanon provides a clue to the timing when he insists: "We will return to the top—by 1985 we will be back to 14 per cent of European car sales and in the lead again."

Volkswagen-Audi's results were hit because it was known that the Golf, for years Europe's best-selling car, was due to be replaced this autumn. Even so, the Golf took 4.2 per cent of European sales in the first half against 4.5 per cent in January-June last year.

Fiat's fall was mainly accounted for by the fact that, alone among the major European countries, Italy's car demand has declined compared with 1982. Italian sales fell by 8 per cent in the first half. The only other major world market to show a drop was Japan where registrations were down by a marginal 0.6 per cent compared with the first six months of 1982.

Fiat, with its Lancia subsidiary, achieved considerable success in pushing up its already-large home market share to nearly 55 per cent in the first half. But its volume still showed a fall of 2 per cent.

According to Mr Vittorio Ghidella, Fiat Auto's chief executive, the group's new small car, the Uno, has been performing just as Fiat hoped and output has already reached the predicted peak of 2,200 a day only nine months after launch.

Once again a key element in the European car market in the January-June period was the battle between the American rivals, General Motors, the world's biggest vehicle group which uses the Opel and Vauxhall badges in Europe, and Ford.

Ford rose to West European market leadership in the first half thanks to the introduction of the Sierra at the end of 1982. The model it replaced, the Cortina/Taunus, had faded badly on the Continent and Sierra captured a 3.8 per cent European market share in the first half.

UNITED STATES

	Jan-June 82	%	Jan-June 83	%
Domestic	2,934,824	72.7	3,335,028	73.3
Imports	1,098,419	27.3	1,213,829	26.7
Total market	4,033,243	100.0	4,548,857	100.0
DOMESTIC				
General Motors	1,799,035	44.6	1,983,327	43.6
Ford	693,697	17.2	758,263	16.7
Chrysler	349,978	8.7	432,814	9.5
American Motors	45,985	1.1	101,120	2.2
Volkswagen of America	46,129	1.1	42,643	0.9
Honda	0	0	16,861	0.4
IMPORTS				
Toyota	264,235	6.5	282,117	6.2
Nissan (Datsun)	231,121	5.7	275,854	6.0
Honda	189,620	4.7	181,961	4.0
Toyo Kogyo (Mazda)	76,883	1.9	89,101	1.9
Fuji (Subaru)	72,448	1.8	79,319	1.7
Mitsubishi*	47,617	1.2	62,216	1.4
Volkswagen/Audi	54,990	1.4	59,969	1.3
Volvo	41,788	1.0	48,020	1.0
Mercedes	31,696	0.8	35,780	0.8

* Includes cars sold by Chrysler

However, the Sierra was outsold by Ford's own Escort which captured 4.3 per cent of total sales and thus scraped past the Volkswagen Golf to become Europe's best-selling car.

Later this year Ford's European penetration will be given extra impetus by the introduction of the booted version of the Escort, called the Orion, and by the group getting into the growing diesel car market in a major way via its own Dagenham-built diesel engine.

As a result Mr Ed Blanch, Ford of Europe chairman, can say confidently: "We will retain European market leadership through the rest of this year."

GM was also helped by new products. The Spanish-built Opel Corsa/Vauxhall Nova launched last autumn, took the group into the small car segment for the first time. Demand for the Opel Ascona/Vauxhall Cavalier continued to climb.

In Spain, where GM is now allowed to import other Opel cars to complement its locally-produced models, GM's first-half market share jumped from 2.1 per cent to 10.2 per cent or from 5,929 to 29,577 units.

Ford was the main loser and its Spanish market penetration fell from 16.2 to 13.1 per cent. The Peugeot group also lost share, down from 18.8 to 16.5 per cent—while the market leaders in Spain, Renault and Seat, more or less held their ground.

During the first six months of the year the Japanese made a determined comeback in Western Europe and pushed their market share up from 9.1 to 9.9 per cent. Because most markets were rising quite strongly the Japanese enjoyed a 15 per cent increase on volume over the period, from 496,980 to 570,825—enough to keep two modern car plants fully occupied.

The Japanese pushed back into West Germany, where their first-half share improved from 8.9 to 9.7 per cent. But they reserved their main attack for those markets without domestic manufacturers. They achieved considerable success in the Netherlands, where their share went up from 21.8 to 23.8 per cent, in Belgium, 20.6 to 22.6, Austria, 23.9 to 28.5, Denmark, 23.3 to 32 and Finland, 35.6 to 43.1 per cent.

Europe's largest individual car market, West Germany, recovered strongly from the recession and experienced a 12.7 per cent improvement in volume sales during the first half.

Ford and GM-Opel both captured bigger shares of a rising market—another factor which considerably helped them in the battle for West European supremacy.

Volkswagen-Audi's drop in market share masked a major recovery by the Audi division which improved its penetration from 5.8 to 7.3 per cent, thanks to the introduction of the Audi 100 and the attention-grabbing four-wheel-drive Quattro saloons.

All the European imports lost ground in Germany in the first half, but Fiat maintained its leadership among the importers. Fiat's following in Germany, often said to be the most demanding car market in the world, contrasts strangely with the group's position in the UK where it has yet to find the right formula to transform its image.

Although car sales in France were only slightly up in the first half, that country still remained ahead of the UK in terms of car demand. The UK did overtake Italy in the early part of 1983, however.

In France the domestic manufacturers—apart from the Peugeot marque — suffered badly, showing falls in both market share and volume.

The introduction of a successful model—the 205—helped Peugeot buck the trend. But Talbot poses a severe problem for the Peugeot group, now that the division's little Samba is losing some of its attraction. Talbot's European sales fell from 193,331 to 160,744, or nearly 17 per cent, in the first half.

Among the importers in France, Ford overtook Volkswagen-Audi, but the German group is almost certain to return to the No. 1 import spot when Golf II is freely available.

The new Opel Corsa seemed to be doing the job GM planned for it in France because it contributed to a healthy improvement in the group's volume and penetration.

The same was true in Italy—another "target" market for GM's Corsa—and the U.S. group was the only major importer to show growth in the first half.

Italy is the one market where the Sierra has not proved as popular as Ford might have hoped. But the main reason for Ford's fall in market share so far this year is that Fiat's new Uno eclipsed the Fiesta. It was well-known throughout Europe that the Fiesta was due for a significant "facelift" this autumn and that also helped hold down its sales in Italy in the first part of this year.

By far the biggest casualty among the importers in Italy, however, was Talbot whose market share plummeted nearly 53 per cent in volume from 29,205 to 13,810.

The sharp rise in the UK market was caused by frenetic discounting and the ending of hire purchase restrictions at a time when, in any case, cyclical improvement was due.

Britain provides one of the main battlegrounds in the war between Ford and GM in Europe. GM aims to push its market share to 16 per cent by 1984 and is well on the way to achieving that. Ford has been using all its wiles to ensure that GM's advance is at other companies' expense and to protect its market share.

No major car market in the world has such a large import content as the UK but the majority are "captive" imports from the Continental plants of Ford, GM and Talbot.

The U.S., the world's largest car market, has been recovering from exceptionally low levels of demand—sales in 1982 were the lowest for 21 years. The 12.7 per cent improvement in the first half must be seen in that context.

Ford would expect to do better in the full year because its new range of medium-sized cars was not available in the first six months.

American Motors' performance reflected the introduction of the U.S. version of the Renault R9, known in America as the Alliance. Of the AMC total, 71,000 were Alliances, which will have pleased Renault. The French group now owns 46 per cent of AMC and has management control.

Honda joined the ranks of the U.S. car producers in the first half of this year by producing the Accord there.

Mitsubishi, whose cars are mainly imported by Chrysler, has now also set up its own dealer network. It sold 14,000 Mitsubishi-badged cars in the first half of the year.

Mitsubishi's move to "high-tech" cars, particularly turbo-charged models, has not helped its position in Japan where its market share slipped sharply.

Toyota and Nissan continue to dominate Japanese car markets. Honda's drive forward seemed to stall in the first half but Toyo Kogyo, the Mazda group in which Ford has a 25 per cent shareholding, continued its steady progress.

In spite of renewed efforts by some European companies—BMW, for example, set up its own import business in Japan recently—the already minimal imports continued to fall.

Japan has removed all formal barriers to car imports but its manufacturers continue to sell more cars in a week in the U.S. than all the importers sell in a year in Japan.

ITALY

	Jan-June 82	%	Jan-June 83	%
Domestic	578,618	59.1	560,067	62.3
Imports	399,632	40.9	339,343	37.7
Total market	978,250	100.0	899,410	100.0
DOMESTIC				
Fiat/Lancia	502,804	51.4	493,482	54.9
Alfa Romeo	65,435	6.7	55,881	6.2
IMPORTS				
Peugeot/Citroen/Talbot	98,130	10.0	61,123	6.8
Volkswagen/Audi	62,807	6.4	53,644	6.0
Ford	49,691	5.1	42,019	4.7
General Motors	27,612	2.8	31,886	3.5

THE ARTS

Television/Chris Dunkley

Those were the good old days

Sir Hugh Carleton Greene, the most exciting director-general the BBC has ever had, whose liberal 1960s regime saw the introduction of new types of drama, satire and comedy, was saying last week pretty well what this column had been saying a couple of weeks previously: that there doesn't seem to be much fun left in television. Interviewed by Sue Summers in the London Evening Standard Sir Hugh said:

"I do think TV at the moment tends to be rather boring. I'm talking about all four channels. I think people tend to forget TV should be entertaining. There are too many programmes about cancer and kidney disease and the troubles of social workers in Salford.

"*The Wednesday Play* did deal with the issues of the day under Sydney Newman, but the plays were at the same time entertaining. My brother Graham when he was here in hospital a while ago said that in the early 1960s there was something he wanted to watch almost every evening. Now there's hardly anything. People have become too serious-minded."

Looking back over the programmes of the past week the immediate reaction to that is a hearty "Hear hear." Channel 4's new batch of women-only current affairs programmes *20-20 Vision* opened with another harrowing example of man's inhumanity to woman. This time it was "honour murders" in unidentified countries; clearly a barbaric practice. However, the blithe way in which this series passes on whatever its reporters are told without offering a scrap of evidence to show that they have actually investigated the truth of the matter is a tiny bit worrying. Programmes such as *World In Action*, *Panorama* and *This Week* spent years developing ways for television journalists to acquire and convey the facts but over at *20-20 Vision* this is presumably considered some sort of neurosis caused by male and female producers being allowed to work together.

Episode 1 of BBC-1's *The Dark Side of the Sun* had our hero driving across a sunny Greek island and finding a mysterious castle barred to visitors. He therefore took up his Brownie and returned at dead of night to snatch a few snapshots (doubtless using 1000 ASA film since he had no flash) only to come streaking out of the Castle of Adventure with a fit of the screaming hab dabs occasioned by a diabolical red mask which the director kept flashing up in front of his face. It is yet another example of that cross between Enid Blyton and Dennis Wheatley which, over the years, has become tiresomely familiar on television.

Another new documentary series, again on Channel 4, *About Men . . .* is considering the attitudes and feelings of ten men in Coventry and is another unmistakable product of the age of feminism. The men assume that what is required of them is self-blame, and so they beat their breasts and cough up half digested chunks of Freud. The women assume that their rôle is to load all the blame for the ills of the world onto men and so they do just that. Universal human characteristics such as selfishness are attributed exclusively to men, illustrating the famous feminist creed: men and women are exactly alike except that men are different.

Not social workers in Salford, perhaps, but this study of car workers in Coventry fits pretty well into Sir Hugh's gloomy picture. Was there, then, no fun whatsoever last week? Two programmes do stand out. The first was Channel 4's *Accidental Death Of An Anarchist*, a television version of the Belt and Braces Roadshow Company's production which proved such a wild (and largely unexpected) success in the West End.

On television the shock value of finding left wing attitudes conveyed not with a lecture but with humour—often broad and always fast—was even greater than on the stage. You just don't expect to hear lines such as "Come along gentlemen I'm here to make a serious inquiry, not fart about with syllogistic prattling" on the small screen these days. It was as refreshing to find this material hurled out of the box as it was to find a cast wholly new to television, led of course by Gavin Richards whose talents are marvellously suited to the medium.

Very few people can act and also deliver the material of a fast-fire stand up comic with the camera in close-up. Richards can. Moreover this production was the first completely successful example I can remember (there have been umpteen attempts) of the Brechtian technique of showing the studio complete with technicians and barracking audience in order to avoid the viewer's suspension of disbelief. It worked brilliantly well: the jokes were funny but you were never allowed to forget the true purpose of the piece for long.

Gavin Richards in 'Accidental Death of an Anarchist'

Oddly enough the other exception was also drama, also concerned to deliver a message—or will be in later episodes—and also used farce both as a medium and a sugaring of the pill: *The Old Men At The Zoo* on BBC 2. Troy Kennedy Martin has adapted Angus Wilson's 1961 novel, and Jonathan Powell's production directed by Stuart Burge looks like an honour parade of the great and the good from British Spotlight: Robert Morley as the plutocrat, Maurice Denham as an anxious zoo official, Robert Urquhart and Marius Goring as two of his eccentric subordinates and so on, an astonishing proof of the depth of talent at all ages in British acting.

As in Sir Hugh's example of *The Wednesday Play* this does seek to deal not only with the issues of the day (Wilson's political preoccupations of the sixties having been updated) but also to be highly entertaining, and it would be absurd to overlook the high entertainment value of *Accidental Death Of An Anarchist*. So are we simply peering back at Sir Hugh's television of the sixties through rose tinted spectacles and failing to identify today's wood because of the proximity of the trees?

I think not. For a start television has expanded enormously since Sir Hugh's day and a mere two programmes amid the hundreds now transmitted in a week represents a tiny proportion of the whole. Even more significant is the crucial difference between these two programmes and the upsurge of creativity in Sir Hugh's BBC: the first was borrowed straight from the theatre and the second from literature; sixties literature too ironically.

The point about Sir Hugh's régime was that it produced not only good secondhand theatre and literature—though it certainly did both, thus fulfilling television's important function of disseminating material from other sources to a much wider public—but it also invented and produced good *television*.

The writers—John Hopkins, David Mercer, Clive Exton, John McGrath, Elwyn Jones, Dennis Potter, Alun Owen, Johnny Speight—weren't adapting from the work of their 19th century forebears, they were inventing new material and new forms for a new medium. When we did get adaptations, as with Jonathan Miller's *Alice* or James MacTaggart's *Candide*, they were often strikingly original. Ken Russell's *Monitor* films about Elgar, Delius and so on were not merely good musical biographies they were superb television. *That Was The Week* mixed politics, shcoolboy smut and the new electronic journalism of *Tonight* to produce something wholly new and unmistakably 100 per cent television.

Even then, of course, this upsurge provided only a fraction of the entire schedule. My predecessor T. C. Worsley, in a farewell rave review of Sir Hugh's captaincy published in this column in 1969, said that Sir Hugh had heard the genuine voice of the 1960s and allowed the nation to hear it too. But he added:

"He didn't, by the way, flood the BBC output with it as you might suppose from the angry voices that were raised. He allowed it a very small proportion of the whole. But because it was new and sometimes raw it seemed to make more noise than the other 90 per cent put together. And it has changed the face of television."

The pity of it is that the change was so short-lived. Whereas BBC Man in those days was symbolised by a sharp Italian suit, a slight cockney accent and the curled lip of satire, today's Television Man wears denim jeans and granny glasses and acquired his accent in a Midlands polytechnic.

However little one may have liked David Frost, he and his colleagues did have among their purposes the entertainment of millions of viewers—and entertain us they did. Far too much of today's television appears to be aimed exclusively at a black lesbian sociologist living in a single-parent squat in Glasgow.

Covent Garden/Max Loppert

Stravinsky - Ravel double bill

As first new offering of the current season, the Royal Opera convenes a multifarious group of talents for the company's first-ever production of Ravel's *L'Enfant et les sortilèges* and its first since 1919 of Stravinsky's *Nightingale*. John Dexter produces, David Hockney is the designer, David Atherton conducts, and Frederick Ashton supplies the dance episodes of the Stravinsky. The Dexter-Hockney partnership was first tested at the New York Metropolitan (where both one-acters appeared in different triple bills); but ideas proved worthy are always worth borrowing. And, in fact *The Nightingale* and *L'Enfant* make a very attractive pairing: between them they bring something fresh to the sometimes stale round of repertory opera.

Both works have much in common. Each affords a highly colourful, intricately composed music-theatre telling of a tale simple in its outline and in its moral point. Both, as Ronald Crichton points out in his elegant programme notes, are delivers of mixed genre distantly descended from the French 18th century court combinations of song, dance, fantasy and elaborately constructed pageantry. As such, they demand the kind of tight collaboration of different departments that is seldom a familiar feature of opera-house working. Whatever one thinks of these productions as a whole, there is no doubt that they mesh and flow with uncommon smoothness—if singers, dancers, and figurants can be mixed like this, why doesn't it happen on this stage more often?

The decor is the basic strength of the whole enterprise. With wonderful rightness Hockney's language of painted screens, cloths, and pop-up props harmonises with both scores: for each, and in his own inimitably humorous and cultivated manner, he has divined a visual tone and texture, an organisation and reduction of colours, that tell one something about the works that one wants and needs to know. Part of the pleasure of looking at the stage lies in the way attention is unemphatically drawn to the acts of homage inserted therein to the world of Dyagilev, by which (in different degree) both works were generated. A cloth sailing down upon an empty stage at the start of *The Nightingale* calls up the shade of Benois; the shapes and timbres of the Ravel settings look back to the great French painters called into the theatre at the time. More important, Mr Hockney has visualised the works in a way that is dramatically alert; these are not just enacted pictures.

Out of them the producer has evolved a stage style that affords a bold and colourful spectacle; but given the clarity and simplicity of the frame, neither spectacle is as fully successful as it might have been in unfolding its story. In both, the device is employed of relaying singers to the side of the stage while their parts are silently figured in the action—in the Stravinsky the nightingale and the fisherman are thus separately sung and danced, in the Ravel almost the entire singing cast, punchinello-costumed, begins this way, although by the end all forces converge on the centre. The device works more effectively in *The Nightingale*, even if there is a pull between the desire (very strong!) to watch Natalia Makarova and Anthony Dowell dance and the quite natural, if less consistent, urge to cast an eye on the singers as well.

Once this is overcome, the beauty of the dance—in a later notice Clement Crisp will discuss Ashton's contribution fully—creates its own kind of fascination. A slightly sharper difficulty in *The Nightingale* is caused by the blurring in the action of the narrative as it is told in the words. The Fisherman who should do no more than lyrically frame the opera, here dances his way through it, to unclear purpose. The Emperor's remission from death does not match its telling in the programme. If the work were sung in English, as it should be, rather than in Russian, such confusions might be more nakedly exposed; certainly the long stretches of bare musical texture clothing the nightingale's act of generosity might be made more gripping. In this performance the opera, for all its incidental delights, hardly seems a very cogent piece.

Doubts proliferate far more in the Ravel opera. There is a confusion of demarcation lines: why, one begins to wonder, need there be figurants at all if the singers at side stage are also called on to give little dramatic turns? Because of such apparently unnecessary duplicated effort, the incursions of the Fire, Princess, Arithmetic, and duetting Cats are rendered chummy and even cute. Cuteness, indeed, is the besetting sin of the production: children parade, Kermit-like, frogs play at head-over heels, the mystery and the touch of menace in the work fail to be conveyed. *L'Enfant et les sortilèges* is not just a jolly exercise in play-play musical comedy but a serious expression of concern for the natural world. The latter part of that statement is left unproved at Covent Garden.

The musical readings are, in the main, sound rather than inspired. Mr Atherton understands the shape and sound of *The Nightingale*, its curious and unintentionally effective change of styles in mid-course; the fantasticated instrumental compounds and applications of *chinoiserie* make their effect in fine style. But the pacing sometimes loosens and goes flaccid, and narrative tautness is lost in the pit as well as on stage. This is a far more serious problem in *L'Enfant*—the foxtrot is po-faced (and *slow*), and lyrical phrases are drawn out to lengths that undermine the consistency of the musical working. The conductor seems to love the work, but he has not fully comprehended it; without an "objective" approach to its execution the music loses something of its magic. Woolly singing of the final chorus did not help.

The singing nightingale, Phyllis Bryn-Julson (with ravishing unforced *acuti*), and fisherman, Philip Langridge, are among the more distinguished vocalists on parade. Anne Howells as the Cook casts brightness on whatever she does. Ann Murray as Ravel's Child gives a fresh account of the role, not coy, and sings firmly, if with less than her wonted finesse. The Ravel cast offer among them some ill-tuned sopranos and much unconvincing French pronunciation; but Sandra Dugdale (Fire), Joseph Rouleau (Armchair, naturally idiomatic), Della Jones (Cat), David Wilson-Johnson (Tom Cat), and Mr Langridge as the Teapot approach, at least, the desired vocal level.

Los Trios Ringbarkus/Latchmere

Martin Hoyle

The post-festival season does for the theatre what post-coital depression does for sex: it dourly emphasis that every pleasure has its price and that what seemed a good idea at the time may have overly depended on propitious circumstance and momentary exuberance.

Which is not to belittle the Perrier Pick of the Fringe awards. Inevitably Edinburgh's vast alternative festival has been institutionalised, and London is grateful for the autumnal glimpse of the summer's comic revelations; but a midnight show in the heady atmosphere of round the clock culture (more or less) and day-long opening hours (ditto) generates a peculiar excitement hard to recapture on a wet evening near Clapham Junction.

The prize-winning Trios themselves are two young Australians who stumble on stage in ragged dinner-jackets to be terror-stricken at the sight of an audience. They gibber silently, glazed-eyed and twitchy, occasionally squeaking apologies for the lateness of the expected band. The suspision dawns that this is a revue version of *Waiting for Godot*.

To kill time they desperately do impersonations (a tooth-brush, a digital clock), and one eventually reads falteringly from *War and Peace* while his colleague, discovering food in a fiddle-case, crams biscuits into hamster-like cheeks. He sometimes splits his face into a grimace of mushily - masticated crumbs and finally shoves whole biscuits upright into his mouth, like pit-props.

Physical discipline and polished technique underpin the clowning, much of which includes traditional material (routines with deck-chairs, frothing beer-cans, predictable pratfalls) as well as the surreal—Neill Gladwin watching a TV soap-opera down his trousers while the voices are provided offstage by Steve Kearney. The latter's send-up of Marcel Marceau succeeds through the excellence of his own mime technique.

Gladwin's basic expression is of wistful bafflement and anguished self-exoneration. Kearney's glasses give off a manic glint: he hugs himself in nervous bonhomie to be suddenly frozen in bewilderment as to how to regain his normal stance. He can rigidify into a basilisk-eyed cross between James Cagney and the late Otto Klemperer.

An evening where I admired rather than laughed; a show more conventional than iconoclastic, except for the unfortunates in the front row or on an aisle. Can even the Fringe be turning respectable?

Tennstedt/Festival Hall

Dominic Gill

In the same measure as Giuseppe Sinopoli's appointment as principal conductor of the Philharmonia is likely to prove one of the worst errors in that orchestra's history, the London Philharmonic Orchestra's appointment of Klaus Tennstedt is both apt and inspired. More than any other influence, it has been Tennstedt's which has brought the LPO firmly back, in the international hierarchy of orchestras, from second rank to first.

Monday night's Beethoven concert was Tennstedt's official debut in his new role. A more satisfying signal of the occasion might have been his remarkable Mahler's Six at last month's Prom—and Beethoven's Ninth is perhaps a less perfect vehicle for his gifts. It was a very exciting performance, spurred on with tremendous energy, lapped with eager fire. But if there is one criticism to be made of Tennstedt, it is that he is sometimes even too quick to inject eagerness into every kind of music he directs. Some passages of his scherzo were so fast and so eager as actually to *reduce* the excitement of the score: more gabble than thunder. Tennstedt's instinct was right.

Introducing the cellos and basses *sotto voce*, barely audible, for their first declaration of the main tune in the finale was kitsch; but all else in the finale was very strong and grand. Tennstedt draws an exceptionally big sound, not rich but bright and tough, from a young and responsive band of upper strings. The lower strings need bringing out. The LP Choir sang lustily and well in tune. Of the solo quartet, Gray, von Otter, Merritt and Lloyd, all were decent, none outstanding. The performance in a nutshell: vivid, unsubtle, and explosive with promise.

Johnny Oil Strikes Back/Soho Poly

Michael Coveney

Andy Armitage's teddy boy hero, Johnny Oil, first surfaced last November at the new look Soho Poly near Oxford Circus in a powerful nostalgist exercise set on a 1960 Manchester bomb site. That piece is now paired with a 1968 follow-up in a soft drinks depot where Johnny takes on one of his adolescent sparring partners who is slumming on a vacation job. Alan (Nick Conway) is now a philosophy student in Sergeant Pepper red tunic who delivers the devastating news that Elvis is on drugs.

The writing is like a happy amalgam of Barrie Keeffe (one of the Poly's household gods) and John Byrne. It combines sociological detachment with incisive character portrayal. In *Johnny Oil*, and more particularly Phil Daniels's superb performance, it conjures the archetypal figure of the bright yobbo from Class 3D who slipped through the grammar school net before the brave new world of the comprehensives.

All perception of life is related to the fortunes of Manchester United, the availability of cigarettes, the music of Buddy Holly and such evocatively resonant TV programmes as *Double Your Money*, *Wagon Train* and *Sunday Night at the London Palladium*. On the bomb site, Johnny, aged 13 years, bullies his younger friends into waving from the Palladium revolve as he goes through his Presley paces. One of them, Baz (Stuart Wilde) is doomed to the secondary modern while Nick is off to the grammar.

Johnny is their hero and their tyrant. In leather jacket and pink shoes, Mr Daniels interrupts bonfire night small talk with the vicious aplomb of the born Stretford End psychopath. Although the tables are turned on him, his vulnerability is a more long-term trait, as we see in part two. He is a resilient rocker, though, still trapped at Old Trafford with (at last) something to cheer about after the European Cup Final defeat of Benfica, but deprived of *Double Your Money* (why did they take it off?), both appalled and ostracized by Alan's psychedelic news from the front.

This lovely evening is well directed by Adrian Shergold and ingeniously designed by David Roger. The Moss Side rubbish tip is replaced after the interval by claustrophobic piles of wooden packing cases. The world moves in and moves on, leaving Johnny utterly stranded in the old time religion, another bright victim of the system.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

September 16-22

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

Tales from Hollywood (Lyttelton): New Christopher Hampton play about the European emigrés working in Tinseltown during the war. Intelligent, witty and pertinent play about the artist in exile, with Michael Gambon as the lugubriously resurrected Odon von Horwath and Ian McDiarmid a predatory, very funny Brecht. (928 2252)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspirational intrigue in the Austro-Hungarian empire. A rich tapestry, with a famous drag ball scene at the centre. (930 9832).

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very fine, and London has done full justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic material but a highly refreshing, and above all different, sort of evening. (836 9988).

Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 6834).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108).

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

Night Mother (Golden): Marsha Norman's harrowing drama of a young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (239 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

The Corn is Green (Lunt-Fontanne): Emlyn Williams' 1940 comedy about a middle-aged spinster who goes to Wales to start a school is the second offering of Elizabeth Taylor's new repertory company, which, without a role for Miss Taylor, has a cast led by Cicely Tyson, directed by Vivian Matalon. (575 9200).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).

Agnes of God (Music Box): The fiery trio of Geraldine Page, Diahann Carroll and Lily Knight enliven a somewhat over-written clash of ideologies. (246 4636).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262).

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast. (541 8394).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

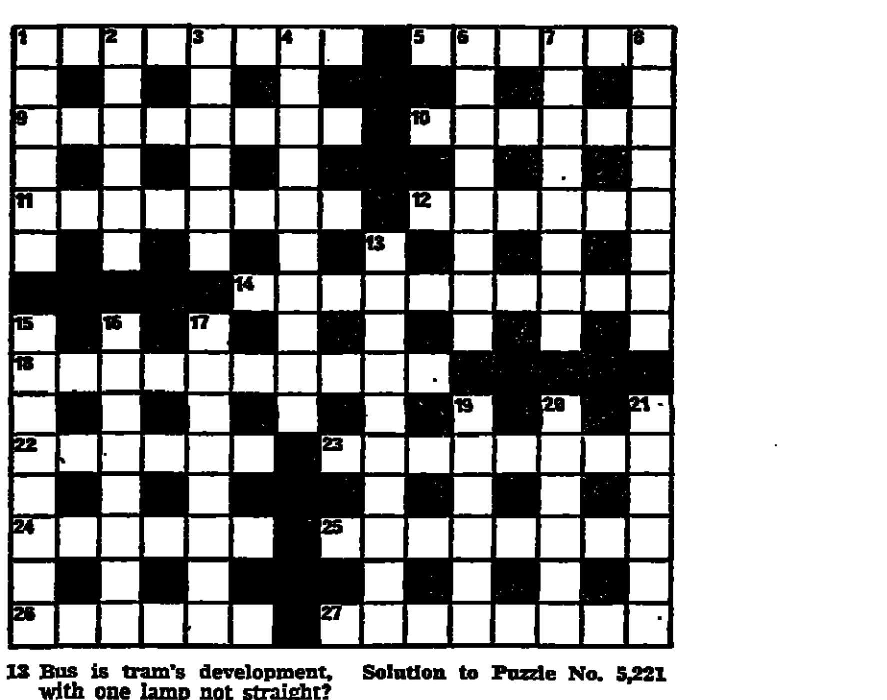
WASHINGTON

Wind in the Willows (Folger): Composer William Perry and lyricist Roger McGough chose a wonderful old chestnut to turn into a musical to add a new generation's appreciation of Ratty, Mole, Badger and Toad of Toad Hall. Ends Sept 18 (547 3230).

American Buffalo (Terrace): Al Pacino's humane and lively performance gives a wholly new and fresh look to David Mamet's bemused version of American low life with larceny in its heart, as directed by Arvin Brown of the Long Wharf Theater. Ends Sept 25. Kennedy Center (254 9895).

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation on a career of taking a gentle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670)

F.T. CROSSWORD PUZZLE No. 5,222



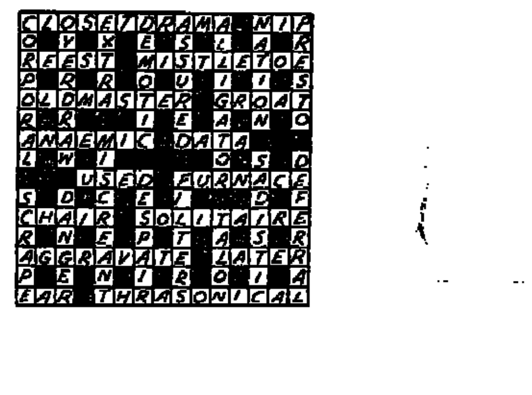
ACROSS

1 Continued pain in trial case (3-5)
5 Where a lad can be fifty in beast-management? (6)
9 Archers' very wide target? (4-4)
10 It can be awkward being left in Paris (6)
11 Stretcher of former nurse (8)
12 Public request for money put up at Lord's (6)
14 Canopy allowing rain through all round? Ominous! (10)
18 "Loa" petticoat-tails? (10)
22 Stern reproof for Apollo, for instance (6)
23 When I sob, out of control, I need this merrythought (8)
24 The exact middle of America? (6)
25 Funny rumble indeed? Carry one in case (8)
26 Sort of match-point? (6)
27 Product of pi + xy has A cutting off 0 (8)

DOWN

1 Inscribed plate for a flat cake (6)
2 Put a charge *in* the bottle? (6)
3 Scolding does not begin—it is a thrashing this time (6)
4 This shows the result of having twenty at table (10)
6 Spirits getting through after time, setting up gin perhaps (8)
7 Young knight has to turn la broche (8)
8 Watch tumbler, one held on bridge by spring? (3-5)
13 Bus is tram's development, with one lamp not straight? (10)
15 Some pot that excluded people from society (8)
16 Ship's record on ocean-tossed trunk-vessel (3-5)
17 English—the proper, extremely refined sort (8)
19 All the cloth normally within a yard? (6)
20 Semi-polite, classically light, very bright star (6)
21 Monstrosities emerging from the crater at Aso (6)

Solution to Puzzle No. 5,221



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Wednesday September 21 1983

The U.S. role in Lebanon

THE U.S. has placed one foot on a dangerously slippery slope by intervening militarily in the Lebanese civil war. Its naval bombardment in support of the Lebanese army on Monday marked the crossing of a line which threatens deeper American involvement, an increased risk of confrontation with the Soviet Union and a clash with *its European partners over the purpose of the multinational* peacekeeping force.

Washington appears to have learned little from Israel's experience in the Chouf mountains where the Christian Phalange militias and the Lebanese army are battling their Druze, left-wing Moslem and Palestinian opponents. Israel, which precipitated the current crisis by withdrawing from the Chouf after a year's occupation, moved out because it could no longer tolerate the cost to its armed forces of keeping the warring factions apart.

The U.S., with only a fraction of Israel's military hardware available on the ground, is now attempting to draw lines on a map which Jerusalem found impossible to sustain. A statement from Washington said the U.S. would not tolerate the fall of the town of Souk al Gharb, currently under siege, because that would bring the marines *of the peacekeeping force under* direct threat from the factions opposing the Lebanese Government.

Solution

Yet the marines are already under fire; *to seek to underwrite* the outcome of any particular battle is to anticipate the use of far greater aerial and artillery firepower. Such escalation can but challenge the Syrians to intervene more emphatically in support of their allies. And, as the White House must be only too well aware, Syria enjoys the military protection of the Soviet Union.

Even more worrying for the U.S. should be the knowledge that military intervention in Lebanon contributes little to the search for a more lasting solution. The multinational peacekeeping force provided by the U.S., France, Italy and Britain, is only relevant if its presence is accompanied by determined *efforts to reach a political settlement.*

No moves towards such a solution will be at all effective unless they take account of the hard facts. First, the Israeli ambition of reuniting Lebanon under a strong Phalange-led government which had moved from the Syrian orbit into that of the government in Jerusalem, has failed. Second, Syria and its allies in Lebanon have a military veto over the actions of the presently constituted government in Beirut. Third, many Lebanese do not believe that the Government of President Gemayel reflects the congressional balance in the country and is acting principally in the interests of the Christian minority.

Upper hand

It should also be remembered that the Christian Phalange militias only entered the Chouf in force on the coat-tails of the Israelis and that since 1976 the Syrian army has acted with equal harshness against any faction which appeared to be gaining the upper hand.

Syria intervened in the 1975-1976 civil war at the request of the Christian President of Lebanon to halt the advance of the leftists and Palestinians. As a government dominated by the *minority Alawi sect and with a* sizable Christian population, the Syrian regime is well aware of the risks that sectarian strife could spill across its own borders.

There are therefore reasons to suppose that President Assad in Damascus would not press for a total military victory as the Americans appear to fear. He would probably be content, at least in the shorter term, with a tacit admission that Beirut remains in the sphere of Syrian influence. An inevitable corollary would be the renegotiation of the Lebanon-Israel agreement.

This however would be for a newly constituted Lebanese government to decide. The battle *for the remaining third* of Lebanon not occupied by foreign forces can in the end only be resolved politically. And on that political settlement will depend the chances of Lebanon eventually ridding itself of its occupiers.

President Gemayel's willingness to negotiate a fairer constitutional framework for Lebanon may well depend on how he judges the American mood. If the American support for the Lebanese army is paralleled by intensified diplomatic efforts and by real negotiations with Syria, then there may be renewed hope for the embattled population of Lebanon.

Welfare states in the balance

SIG BETTINO CRAXI, the Italian Prime Minister, has hit on a way to reduce his country's bloated bureaucracy. His Government intends to close a loophole which allows civil servants who play their cards right to retire on a decent pension after only 19½ years' service.

Hardly had that intention become known than thousands *of civil servants* queued up to retire while the going was good. Maybe that is what Sig Craxi wanted to happen.

The story is significant for several reasons. Italy being Italy it seems a safe guess that *the early pensioners* did not simply settle down to a premature old age. Many of them must have dived into the thriving underground economy, relying on their pensions to top up the rewards to be earned there.

What is no less significant is that Sig Craxi is a Socialist, albeit one hobbled by his biggest coaliton partner, the Christian Democrats. His attack on premature retirement shows that not only the European Right has begun to think over *the bases of social security and* of cradle-to-the-grave welfare built up largely since World War II.

Subsidies cut

Thus the Craxi Government is *considering* ways of means-testing disability and retirement pensions. The Finance Bill due at the end of this month may atempt to deprive high-income families of child benefit. All of these are measures that will have to pass the Parliament where their fate must be uncertain. But that does not detract from their importance as straws in the political wind.

In neighbouring France it is a Socialist Government that, since its establishment in 1981, *has halved the rate at which* social security spending has been increasing. Subsidies to housing and transport have been cut.

Not all Continental Socialists agree with Sig Craxi or M Jacques Delors, the French *Finance Minister.* In Sweden, Mr Olof Palme, returned to the Prime Minister's office by last year's general election, has reversed reductions of a number of welfare benefits made by his anti-Socialist predecessors.

The current has run in the other direction in several countries where government power has recently shifted towards the moderate right. In West Germany support to students has been cut, as has the lump sum payable to women when they give birth to a child. An increase in the retirement age for women is under discussion.

Mr Poul Schluter's Danish Government has abolished benefit payable for the first day's sick leave. Now that benefit is due from the second day onward only, absenteeism is said to have fallen by as much as 25 per cent. The Government is also clamping down on a form of supplementary benefit intended to protect for at least a year the living standard even of rich people who have lost their jobs.

In the Netherlands, long a byword for a coddled society, benefits across the board are being frozen or cut, and the of available resources to be devoted to welfare is being cut.

Many of these measures taken on the Continent have parallels *in Britain. Nobody need be sur*prised, since the problems are the same. A gradual aging of populations will eventually undermine the viability of many old age pension schemes. More immediately, most welfare systems were not conceived for prolonged periods of high unemployment.

Social programmes in many cases have outrun the ability and willingness of society to pay for them. The burden on public expenditure and on the tax base have seriously inhibited growth potential. Only a beginning has been made with lifting that restraint. But that beginning is evidence of a salutary downward revision of expectations. First steps are being taken towards adjusting to reality.

Only by putting long-term considerations first will it be possible to complete the adjustment. No good can come from swinging this way and that, on the Swedish model, if the *process is repeated* with each change of government. A social consensus needs to be sought: the excesses often committed in the name of welfare may have created the basis needed for such a consensus.

Britain's new Department of Trade and Industry

Bracing language from a new team

By John Lloyd

Cecil Parkinson: "keen to be Britain's industry abroad."

CLEARLY, MUCH can be said in favour of the merger of Britain's departments of Trade and Industry, now in their fourth month of being knit together (not wholly without pain).

"It is," says Mr Kenneth Baker, the urbane chips-with-everything technology minister, "a seamless robe. The promoting of trade and promoting industrial activity—*all part of the same process.*"

Norman Lamont, Baker's ministerial colleague whose own formidably smooth charm is fraying slightly under pressure from dealing with all the non-chip industries—and the Gordian knot of regional policy—says: "I don't know why the two weren't put together in our first term. It always seemed logical to me."

"Really," says Cecil Parkinson, the Trade and Industry secretary, "the Industry Department was essentially concerned with the problems of the producer. But increasingly it became obvious that—in any sort of engineering firm, for example — access to overseas markets is an absolutely crucial part of any producer's success or failure. And there at the other end of Victoria Street was a department which had developed expertise about other countries. The work of the two was artificially divided."

"One wonders," murmurs a senior official, "how we ever managed before." In the manner of Whitehall, the seams have already all but disappeared, the conventional wisdom is for merger, everything is for the best.

The language of Ministers and officials is of the bracing kind—

The seams have already all but disappeared

of the need to open industry up to the rigours and realities of foreign competition, to clean out the last vestiges of silly left-wing molly-coddling. Says Mr Baker: "The first thing we had to get across strongly was that we were not the lender of last resort, we were not the salvation of every employer that could not get its act right like (sweet smile) the Fleet Street employers."

The Ministerial team, however, may have to work hard to live up to their language. There was a clear gap during the first Thatcher Government between free trade rhetoric and domestic intervention—as in the case of ICL, both directly and through procurement policy, or again in the case of the still-open British Steel plant at Ravenscraig, which the BSC chairman wanted to shut.

Will the new Department let Rolls-Royce bow out of the mainstream civil aero-engine business if the logic of the market points inexorably in that direction? What will it do with ailing British Shipbuilders?

The merged department is, in a sense, returning to its roots—in the Board of Trade, which had spanned every corner of the domestic and the foreign fields. It was the white heat mid-late 1960s which forged the new Ministry of Technology, which grew great under Anthony Wedgwood Benn. Welded together again in the Heath Government under Mr Peter Walker, it flew apart once more in 1974, becoming not two but three departments—Industry, Trade and Energy.

Energy, of course, has retained its sovereignty; and the anomalous transport functions of the old Trade Department—as aviation and shipping—go to an expanded Transport Department.

This leaves the DTI with three major functions: the promotion of domestic industry, the stimulation of foreign trade and the administration of regional policy—the last the biggest spender, taking £800m of the DTI's £3bn budget.

The new department cuts out much duplication. "We've saved three ministers and a secretary of state," says *Baker*, "*And that much be a good thing.*" The two departments, though they retained "common citizenship" among their officials, still had seperate, and often rival, departments of European watchers.

Now, all duplication is ended—except at permanent secretary level—where there are two joint permanent secretaries in Sir Brian Hayes (on the industrial side) and Sir Anthony Rawlinson (on the Trade side). Certain frisson is observable when the subject is raised.

The main functions and style of the Department appear to be shaking down like this:—

● Cecil Parkinson, off soon for a vital U.S. trip, seems keen to be Britain's industry abroad, a role he will wish to couple with at least a theoretical Adam Smith-like fervour for free trade. *Paul Channon*, the Trade Minister, will play a similar role—he is off to South America and when he returns, says Parkinson, "he won't just report to John Nott, as in the old days, he'll come back and report to all his colleagues with their responsibilities covering a whole range."

● The "Kenneth Baker things," as Parkinson calls the world of high technology, will continue to play a central role. Baker's enthusiasm and energy for his brief command respect in and out of the Department, and he has considerable license to prime pumps and stimulate investment. Parkinson says this un-Thatcher-like activity is justified because of the recession—but once that eases, "I don't see why Government should stay permanently in the business of subsidising people to do things which are in their own interests."

"We're no longer in the business of grand strategies," Kenneth Baker said recently. "We work from the bottom up. But in a sphere-like medical electronics, where most customers are going to be public sector customers, we have a role, not of picking winners (slight grimace) but of recognising and providing opportunities."

● The nationalised industries—BL, Rolls-Royce, British Shipbuilding—are under the care of Lamont: taken together with regional policy, they give him as sharp a bed of nails as any in government. A green paper on the regions has been endlessly delayed as the solutions chase problems and all cost too much: he hopes to issue it by November.

The nationalised industries, once the money leeches of the Department, are still big headaches (especially shipbuilding) but are sucking up less money. Interestingly, Parkinson appears anxious to signal a change of direction towards the traditional (not just nationalised) industries which had seemed to be out of favour with this Government. Now, he sounds a little like President Mitterrand when he says "We sometimes make too much play of the companies that are in the technology business at the expense of the traditional. I believe getting new technology into some of the so-called declining industries transforms their prospects."

"Government is forced to be more active in this . . . I think our classifications can be too restrictive: there are I suppose sunrise and sunset investments, but there are also investments where the sun shines as it has been doing for some time—these are businesses which are rock solid profit makers and have good prospects for growth."

● Its operation will, finally, be a team process: Parkinson must have the smoothest ministerial team in the Government, and one with a certain track record; his own inexperience in Industry (he was Nott's Trade Minister) will lead him to rely heavily on Baker and Lamont, certainly at first. All the ministers emphasise the stimulating experience of talking to each other across the trade-industry divide, and say their

The main pressure will be at the top

officials are having fun doing likewise.

Yet the main pressure will be at the top: on the figure of Parkinson, who must both command a large department and resolve problems which had previously been fought out in Cabinet. The man whom the Prime Minister singled out for exceptional praise in delivering the country to her in June must deliver it to the world for the foreseeable future — a task which is sure to throw up tougher competition than the one he has just completed.

An important change in the thrust of trade policy

FREE MARKET economists may safely preach the virtues and benefits of open trading: they do not have to face the industrial lobbies, nor the wider electorate. Politicians of the centre and right may applaud it too—until domestic political concerns prove too strong for ideology.

Mr Cecil Parkinson, the new *Trade and Industry* Secretary, shows signs not only of believing that protectionism is bad, but of being ready to risk domestic popularity by putting his faith into practice.

If Mr Parkinson is as good as *his word, Britain's struggling* enterprises (the Minister does not talk of "sunset" and "sunrise" industries) may find it harder than ever to make a case for protection from foreign competition.

An early warning to British industry was sounded when Mr Parkinson told the Scottish CBI earlier this month: "I had hoped that the debate had moved away from how to protect industry from its overseas competitors. I want to talk about how further to liberalise the trading system, to give our manufacturers and service companies more opportunity over*seas rather than less.*"

Already he has commissioned a study on the textile industry, to see how the Multifibre Agreement affects the British market and British exporters' access to other markets. Ostensibly, this study is to prepare for the impending renegotiation of the MFA; and Mr Parkinson said last week he could not envisage an end to the MFA. But what if the study comes up with the conclusion that MFA protection is creating a net employment loss for the UK?

The Parkinson philsophy implies an equally important change in the thrust of trade policy, in British relations with a protectionist EEC and with big surplus-trading countries like Japan. It implies, too, an aggressive diplomatic response to any further protectionist measures taken by the U.S., one *of Britain's two largest trading* partners.

Some free-trader politicians are merely economic nationalists in disguise: the "export-or-die" school which regards imports as a kind of evil and inward in*vestment a blow to sovereign* pride. Cecil Parkinson appears to be a genuine internationalist. He declared recently, for example, that he was not "shaking in my shoes" over Britain's current account. "Increased imports are, to a large extent, a reflection of economic recovery."

A good illustration of the Minister's mind is what he has to say about Japan, perhaps the touchstone of any government's trade policy.

"I don't accept the reciprocity argument at all," he said last week. "I think it's based on a fundamental misunderstanding *of trade, which is actually multi*lateral.

"When you have a series of obstacles put up against you which you don't have against them you must press to get these down. But there can never be exact reciprocity.

"The Japanese Government cannot force the Japanese consumers to buy British cars if they prefer to buy Japanese cars, any more than we can force British people to buy British cars *if* they prefer to buy French." It was, however, in Japan's own interest to open its market to forestall western reaction.

Parkinson may prove more tolerant than his predecessors of the Japanese trade surplus, more intolerant of what Europe sees as American misbehaviour. He is almost scornful of President Reagan's decision to slap *quotas* and *tariffs* on *European* special steels—the latest of a lengthening list of trade issues between the transatlantic allies.

He regards the pressure being exerted by U.S. business on the President as "by far and away *the biggest single threat to our* trade relations.

"I don't think that the action on special steels is going to make one iota of difference to the American economy, but a gesture like that always raises demand for a similar gesture: you know, 'why haven't we got a tough government too?'"

Parkinson's views on trade owe much to his spell as a *junior Minister* when he toured the globe promoting British business as Mrs Thatcher's ambassador.

As a newcomer to high office, and as one of Mrs Thatcher's closest advisers, Cecil Parkinson is going to find himself a popular target. Parliamentary and trade union opponents will undoubtedly accuse him of naiveté — or even heartlessness—if his decisions appear to be based on an ideal, rather than a real, view of the world. The intriguing question is whether the new super-Minister will be able to reconcile the traditionally competing pressures of the two Departments that he now heads.

Christian Tyler

Men & Matters

Embassy cupid

News has reached me from Singapore of a novel way of doing national duty. The Singapore government *has reportedly* asked one of its young unmarried diplomats in London to try out the services of Dateline, the computer agency. The objective—to see how well its system of matching young couples works.

The reason is that the Singapore government is anxious to encourage young unmarried women graduate to get married and have children. The theory is that this is a way to replenish and expand the tiny city state's pool of national talent.

According to the Singapore press a team headed by a top civil servant has just visited Japan to examine a software package for computerised match-making—or as one report would have it to see Japanese cupids at work.

The London diplomat is rumoured to be Chinese, bespectacled and "tall, dark and handsome."

Prize-givers

How many of us are ever recognised as great, good, or both, by those who really know us—our old schoolmasters?

Greg Dyke, the ebullient editor-in-chief of TV-am has won the mark of fame which money cannot buy. He has been invited to give out the prizes at his old school, at Hayes in Middlesex.

Dyke, who brought TV-am both Roland Rat and an audience is rather tickled by the invitation. "I was at the bottom of the D stream and they tried to expel me every year," he says.

Now a £40,000 bonus for get*ting the TV-am audience above* 1m is almost in his pocket.

Dyke is even more tickled that Marcus Sieff, the Marks and Spencer chief, has claimed him as a former employee. He was indeed—but he was fired after only three months as a trainee manager.

When another TV-am person David Frost heard about the call from Dyke's old school he told *a similar story.*

After nearly failing his first year at Cambridge Frost received a letter from his old headmaster accusing him of letting the school down. Years later when the same head asked him to give out the prizes Frost wrote his acceptance on the back of the first letter.

Cruise missile

These are revolutionary times in the yachting world. The Australian challenger for the America's Cup has had the temerity to sprout "go faster" wings on her keel. And now an astounding new British yacht, which has turned up at the Southampton Boat show, performs the unusual trick of changing shape while in the water.

At the touch of a few buttons she is transformed in seconds from a graceful 35-foot long sailing yacht, capable of some seven knots speed, into a fast, planing power boat which can zip along at 17 knots.

Until British yacht designer Ian Anderson tackled the problem, no one had managed to make a true sailing yacht perform like a speed boat—although there is a demand from impatient sailors who want to get ashore fast when the wind dies.

Anderson calls his design a multi-role cruising boat, and has refined it during 4½ years of *tank testing at the Southampton College of Technology.* His concept can be compared with a swing-wing aircraft which changes shape in flight.

After the sailing is finished the sails are furled, buttons are *pressed, and LEDs glow on the* control console. Underwater wedges controlled by hydraulics are pushed out changing the shape of the hull. At the same time underwater doors open and a propeller is lowered, while the keel is pulled up into the hull.

Then . . . off she goes in a cloud of spray as a true power boat.

The only incongruity is the 40-foot high mast which still marks her as a sailing yacht. First sightings of this strange vessel at speed have caused old salts to resolve to give up gin.

U.S. and European companies are showing interest in building *the design. Anderson is hoping* that a British company will also come forward.

"The way things are going, you could be doing the Hospital catering for the whole region soon"

London union

A grand old colonial banking connection comes full circle with the opening in London of a branch of the Union Bank of Nigeria in Moorgate.

For the Union Bank, one of Nigeria's big three commercial banks, was in former days a *wholly-owned subsidiary of Bar*clays Bank. Then it was known by the suffix DCO — which stood for Dominion, Colonial, and Overseas, or, as local wags would have it, "Don't Come and Overdraw."

The Barclays connection is now down to a modest 20 per cent shareholding and Union has decided the time is ripe to invade the home territory of its *former parent by setting up* shop as a licensed deposit taker in London.

"We feel the time has come for us to be more visible in the international money markets as would befit our bank and our country" Alhaji Shehu Malami, Union's chairman.

The bank now has deposits of some £2bn and lendings of £1.5bn.

Barclays has opened its own representative office in Lagos and the number of expatriate *staff in Union Bank is less than* 20 compared with 50 some eight years ago.

Old Tyme jets

The nostalgia travel business is *booming* in the U.S.

I learn from Barron's, the U.S. business weekly, that Clifford Perlman, former owner of Caesars Palace, in Las Vegas, plans to run coast-to-coast flights in art deco jets.

They will be sumptuous and an attempt to re-create 1920s travel in Pullmans and luxury liners. Passengers will be picked up at home or office and carried in style by limousine or helicopter straight to the tarmac.

In spite of licensing difficulties with the Civil Aeronautics Board the first sybaritic flight is planned for next month. But nostalgia does not come cheaply. The cost of a trip between New York and Los Angeles will be approximately three times the *usual first class fare.*

Brothers' bank

Readers have shown an unusual willingness to assist the trade union movement name its new bank.

I favour the suggestion "Trade Union Bank Thumper" . . . or Tub Thumper for short.

Observer

Letters to the Editor

A smooth path for gas prices

From the Managing Director, Economic Planning, British Gas Corporation.

Sir,—In his letter (September 13) about the "efficiency report" by Deloitte Haskins and Sells, Mr M. E. Simons comments on gas prices and his reference to "the Corporation's drive for big profits supported by the Department of Energy" are really wide of the mark. The Corporation's pricing policy is arrived at after taking account of all relevant factors. These certainly include the rising cost of new gas supplies but they also include the needs of our customers, both industrial and domestic, to which Mr Simons refers, and, of course, the financial target set for us by the Government. The need to take all such factors into account was a point made by you, Sir, in your editorial of August 24 on the Deloitte's Report.

Our endeavour is to ensure a smooth path of prices, taking account of rising costs of purchased gas on the one hand and improvement in the industry's operational efficiency on the other hand, and to avoid the large step increases of recent years, mentioned by Mr Simons.

We believe that this represents precisely the kind of wise decision making which he calls for.

I should emphasise that, in negotiating future gas purchases whether in the UK or Norwegian sectors, we seek to obtain the best prices that we can, on behalf of our customers. We certainly do not justify high offers on the basis of charging high prices to consumers.

His other comments on British Gas accounting procedures also give a misleading impression. In fact, our accounting practices are fully in line with the accountancy standard as applied to nationalised industries. Mr Simons's statement that "the real rate of return for the depression year ended March 1983 was much higher than the 5.7 per cent published" misunderstands the position. It is the "nominal" rate, i.e. the rate ignoring inflation, that would be higher. The dangers of ignoring the effect of inflation on capital assets have been amply demonstrated in British industry over recent years.

C. W. Brierley,
Rivermill House,
152, Grosvenor Road, SW1.

Industrial buildings allowances

From Mr S. Carr

Sir,—Austin Mitchell's proposals for "cheap money" (September 13) suggest "examining the lessons of the 1930s." Although the 1980s slump occurs in very different world circumstances, some of the remedies originated in the earlier period still apply, are still being used, and need to be used in a much bolder and more creative way.

"De-rating of industrial hereditaments" and "industrial buildings capital allowances" are two such weapons which, notwithstanding world recession, could help UK industrial regeneration, and improve production and employment prospects. At the same time, by improving the cash flow possibilities, they could reduce the dependence of many industrial and service companies on bank borrowing. This would help to lower interest rates which Mr Mitchell, like all right thinking people (even on the left) sees as desirable.

I would particularly stress re-examination of the present industrial buildings capital allowances regulations which, in their present very restricted definition, despite improvements introduced since 1979, exclude from the beneficial effects intended more than 66 per cent of the superficial area of all buildings constructed under planning consents restricted to the carefully defined industrial classification clauses of the Town and Country Planning Acts, since those Acts were introduced.

The immediate widening of the "industrial" definition provided for application by the Inland Revenue, to include all buildings (old and new) built and classified for industrial use under the planning acts would (by deferral of taxation, which capital allowances means in real terms) stimulate movement of many existing medium-sized industrial and service companies into newer commercially, socially and even ecologically more efficient new buildings, many of which are built and languishing for want of occupants, and the provision of many more, while making funds available for improvement and refurbishing of many such buildings which by size, character and location, do not need to be re-located.

The consequence can easily be envisaged in terms of economic movement and growth, especially if similar expansion of definition was applied to the de-rating of industrial hereditaments.

Attitudes can change and are changing. Only inertia and fear of change stand in the way. The Chancellor, while pruning, must not neglect to sow.

Sidney Carr.
11-15, Arlington Street,
St James's, SW1.

Abolishing the GLC—no savings

From the Member of the Greater London Council for Hendon North

Sir,—The abolition of Greater London Council will not save Londoners any money at all. Anyone who imagines that it will is naive. I am a firm believer in Hutber's Law which states "improvement means deterioration". The record in this country of reorganising local government is not such as to lead one to expect that the costs of administration will go down — quite the contrary.

My colleague on the Confederation of British Industry council, Peter Walne (September 16), confuses two issues. He is correct in claiming that nearly three out of every five London voters are dissatisfied with the way the present Leader of the GLC is doing his job. He is quite incorrect in his assumption that "London would be spared the £770m contribution by ratepayers to keep the GLC in business". When the Government eventually gets round to publishing its White Paper on the future of London's Government I suspect that many of those who are at present keen abolitionists will change their tune. Most of the GLC's budget is spent on functions such as the fire brigade, servicing debt, flood prevention and a host of other important but non controversial functions which will need to continue.

Surely the simplest and cheapest way of solving the GLC problem is to have an election and vote Mr Livingstone, his colleagues and their political excesses out of office. Sir Horace Cutler's Conservative administration showed that the size of the GLC bureaucracy can be reduced and that the GLC's spending can be restrained. During the four years from 1977 to 1981, the Conservative's administration reduced staff, kept rate increases below the rate of inflation and paid off most of the GLC's debt with the exception of housing.

I cannot believe that a series of unelected quangos with power to precept will be a solution to London's problems. Does anyone seriously think that the Inner London Education Authority or the Metropolitan Police are models of financial rectitude?

Bryan Cassidy.
County Hall, SE1.

Leadership of the Alliance

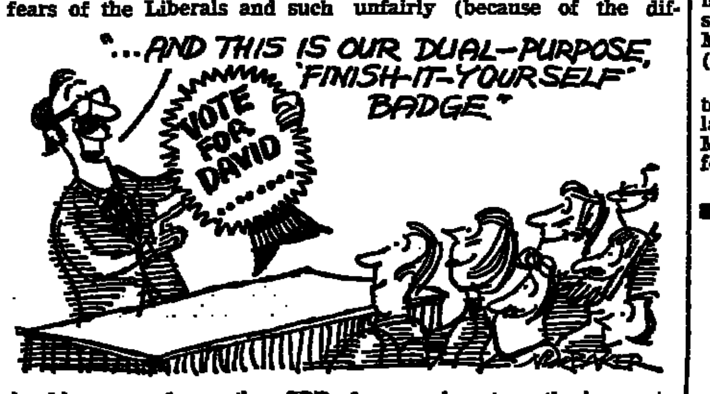
From Mr D Davies

Sir,—The regrettable decision at the SDP assembly not to go for wider joint selection (referred to in my letter of September 15) is already causing problems vis-a-vis the Alliance. As to be expected, many Liberals are now suspicious of the SDP leadership; they think that the grass roots feelings of many SDPs were not taken into account by the leadership and, further, that those wanting joint selection were not given sufficient opportunity to express their views. It seems that remedial action is required to alleviate the suspicions and fears of the Liberals and such should come from the SDP leadership as soon as possible. As a bold and altruistic first step let David Owen put it on record that he is prepared to serve as deputy leader of the Alliance under David Steel. This might persuade many SDPs and Liberals that Dr Owen did have the Alliance at heart.

In the same vein it is up to those Liberals, who are presently divisive vis-a-vis the Alliance, to think again in the hope that they will make every effort to close ranks with the SDP; this need not prevent individuals maintaining differing views on certain policies. Here again, David Steel might take the same approach as that advocated above in respect of David Owen. It would surely be reassuring for the members of both parties, as well as the public at large, to know that the two Davids would be prepared to serve under each other.

In the not too distant future, it might be desirable for a leader and deputy leader of the Alliance to be elected so as to avoid the kind of unsatisfactory arrangement which occurred in respect of Roy Jenkins/David Steel prior to the last election. If it is thought that a vote by each party member would work unfairly (because of the difference in strength in party membership) then why not let the MPs and prospective Parliamentary candidates (about equal in numbers per party when taken as a whole) vote for the leader and deputy leader of the Alliance. It would not necessarily follow that all SDP prospective Parliamentary candidates would vote for David Owen and all Liberals for David Steel. It might be an interesting election.

Donald Davies,
Albert Buildings,
49, Queen Victoria Street, EC4.



Involvement in decision making

From the Director, Centre for Decision Making Studies, Tavistock Institute of Human Relations.

Sir,—Congratulations on your extensive coverage (September 15) of the important new, large study of British industrial relations and your leading article pointing out some counter-intuitive findings. It is to be hoped that the innovative collaboration between the Department of Employment, the Policy Studies Institute and the Social Science Research Council will follow up the work with 2,000 companies at regular intervals.

It is no denigration of this survey to advise caution in the conclusions drawn from some of the data. Questionnaire research can get only to a certain depth. While it is interesting to know that 37 per cent of establishments had joint consultative committees, it does not tell us much about what actually happens in these committees: whether they deal mainly with trivia, whether the agenda is set entirely by one side, whether suggestions come from the shop floor and, if so, whether they are accepted or ignored, etc. We know that in the 1950s there was an enormous growth in consultative committees. We also know that most of them died from inertia and lack of worthwhile tasks a decade or so later. Are companies handling these committees differently today? In 1979 we reported findings from 14 British companies employing 7,000 people, followed up by a random sample 1,725 adults interviewed outside their place of work. We came to the conclusion that the "amount of involvement in decision making at work is astonishingly low." This applied to all levels up to quite senior management.

If the objective of consultation is to improve the quality of decisions and productivity, then the existence of structures is only a beginning.

(Dr) Frank A. Heller.
The Tavistock Centre,
Belsize Lane, NW3.

Unwanted effect of North Sea oil

From the General Secretary, Association of Professional, Executive, Clerical & Computer Staff.

Sir,—A report by David Goodhart (September 13) on the negotiations between the Confederation of Shipbuilding and Engineering Unions and the Engineering Employers Federation omitted one of the most vital points made in the economic presentation by Dr McFarlane, the director general of the EEF.

He stated: "Before we had our own oil the UK had to earn large amounts of foreign currency in order to pay for oil imports. Exports of engineering products made a large contribution to earning that foreign currency. With North Sea oil there is less demand in the UK for foreign currency and this has caused sterling exchange rates to rise. Higher exchange rates make engineering products more difficult to sell against foreign competition—so our industry has lost business to overseas competitors. We can see the results of this unwanted effect of North Sea oil in the nation's balance of payments. Five years ago we had a deficit in oil trade and a large surplus in manufactured goods. Today we have a surplus in oil trade and a deficit in manufactures. This situation will probably continue for at least as long as North Sea oil production remains at a high level."

It is this factor that has had the greatest effect on employment in UK manufacturing industry. It is a queer economics that requires that the acquisition of new wealth should be used to destroy existing wealth. It is not a factor that applied in the United States or Russia when they acquired indigenous oil production nor in practically any other country. The problem arises from the failure to allow living standards to increase to enable our wasting asset of new wealth to add to our consumption not to displace other consumption. Presumably when North Sea oil production starts to dwindle Government policy will be aimed at the reinstatement of manufacturing industry.

In this context the comment by Dr McFarlane that since the last reduction in hours of work unemployment has soared is totally irrelevant. Reductions of hours of work in the 1950s and the 1960s did not result in soaring unemployment either here or in other countries. Reduced hours of work arise from higher productivity and is one form of sharing the benefits thereof. Higher unemployment arises from bad economic policies. The two should not be confused.

David Goodhart refers to "convergence" in his final paragraph. The theory of convergence whereby the hours of work of manual workers and staff workers progressively become the same has not been rejected by the Engineering Employers Federation, it is aware of the case for convergence. The true argument is about the level of hours upon which convergence should be based.

Roy A. Grantham.
22 Worple Road SW19.

Automation in the factory

From the Managing Director, Norman Butter & Co.

Sir,—God made man in his own image; man made the robot in his. Neither, it seems, did a perfect job, perhaps too much was expected too soon.

Peter Bruce's wide ranging article on factory automation (September 8) left an overall impression of disappointment in robotic successes so far. True, limitations must be recognised but so also must new opportunities and many profitable achievements.

To build a robot equalling man's staggering versatility would be a daunting and wasteful task. A high degree of ability, however, is called for from a robot seeking to carry out certain tasks and of these the "craft" of arc welding is a demanding example. The robot must move precisely in three dimensions, often simultaneously and with changes in orientation; speed must be variable and control accurate; quick learning is essential, linked to perfect memory; tolerance of odious conditions is important together with unremitting stamina. The better welding robots already have these abilities and even if sight is not yet economically available, need blindness inhibit practice more than deafness did Beethoven?

Continuous advances are being made in robots themselves but in comparison little has been done on the "other half" of the problem — designing items specifically for manufacture by robots. Great advances can be expected when this happens, for after all, consider the advances made in Eden when once the other half was developed.

G. A. J. Bevan.
P.O. Box 100,
Collingwood Road, Coventry.

Conversion of railways into roads

From the Chairman, Greater London Council Transport Committee

Sir,—Further to Jeremy Hawksley's letter (September 10) I am disappointed that the new chairman of British Rail has not already cancelled the £50,000 study into conversion of London railways to roads.

BR keeps telling GLC that funds are tight and so GLC is financing a railway electrification (Dalston to North Woolwich), service improvements (Enfield to Liverpool Street) and a £1m programme of station improvements.

The effect of questioning the future of the Hounslow loop line will be to deter prospective passengers who might be buying homes in close proximity to one of the seven stations and discourage some of the existing users (including myself) who make 8,000 to 9,000 passenger journeys on this route every day.

The effect of closure would be to force some commuters to make longer journeys by bus or underground or more likely to make them bring their cars on to the already over congested streets of London.

Jeremy Hawksley's organisation is misnamed as "Movement for London"; if the GLC and other authorities followed his advice of building more roads and closing down railways then London would come to a grinding halt.

Dave Wetzel
County Hall, SE1.

London's restaurants

Quality vs quantity

By Arthur Sandles

LONDON IS not strong on fish. Billingsgate has gone, and the great age of Edwardian oyster bars lingers only in remnants in such establishments as Sweetings, Overtons and Bentleys. Even the fish and chip shops have been driven north by McDonalds and Chinese takeaways.

Thus, when someone makes a bid for Wheelers and its eleven of the last remaining classic fish restaurants of the capital memories as well as emotions are stirred. The Wheelers chain is nostalgia *en gelee.*

Even Wheelers whose customers consume skate wings and smoked salmon, halibut and hake, from the neatly-suited City haunts of EC3 to the trendier residential regions of W8, may not be what once it was. The gastronomic gurus tend to overlook the delights of the chain's establishments, preferring the piscivorous pleasures of newcomers such as Le Suquet anl Le Quai St Pierre.

Nonetheless Wheelers is still at the top end of the London catering business, and operates in a field where chains are virtually unknown. Catering giant Trusthouse Forte, for example, has steered clear of a field where life is governed by temperamental chefs, capricious clientele and ever-watchful food critics. Outside its hotel restaurants—a booming business, of which more later—THF boasts only two de luxe free-standing operations in the West End, the Hunting Lodge and the Cafe Royal.

Such upmarket chains as do exist are tiny. The Roux brothers dominate the award winning peaks with the Gavroche and other operations which overcome the traditional management problems of subsidiary establishments by investment participation on the part of star staff, who are helped to set up a restaurant of their own.

Kennedy Brookes, now the front runner in the bidding for Wheelers, already has more upmarket restaurants than any other grouping. It owns both the Mario and Franco—Italian —and Genevieve — French — chains. After that, the only major groupings tend to be the steak houses, where both Grand Met (Berni) and THF (Henekey) show their strengths.

Management difficulties seem to be a major reason why the larger chains do not aim for Michelin rosettes, and why former gastronomic champions rarely make it to the commercial heights. In a big chain, the detail of control tends to end up as portion control and central buying. Accounting is made much easier, and staff fiddles minimised, but the flexibility that a creative chef might demand is also dampened.

Ed Davis, of catering consultants Horwath and Horwath, argues that Wheelers' success in this field has been due largely to its having succeeded over the years in keeping separate identities for its restaurants, though with a linking fish theme, and of encouraging a continuity of local management.

Dennis Hearn of THF also sees management problems as the stumbling block for running a series of gourmet restaurants. "It is an extremely difficult business to manage. Even if you are successful someone comes along and spirits your staff away. A chain of top class restaurants is almost a contradiction."

Naturally Mr Hearn is not talking about hotel restaurants in this context. There, management controls are more easily exercised and lines of promotion and reward more clearly established. Until recently, however, hotel restaurants were the Cinderella of London's catering business.

The British traditionally dislike eating in hotels and the result was that most such restaurants tended to be overlooked and under-funded by hotel owners. The Connaught and the Savoy were rare exceptions.

Partly as a result of the tide of tourists flowing into Britain in recent years, hotels have been changing their views. Park Lane, the heartland of London's luxury hotels, has been sprouting new eating houses and even aiming for honourable mentions in the food guides. Foreign visitors to any city tend to prefer taking some meals at least in their hotels. They feel more secure there (cities are seen as dangerous places these days) and they can charge the food to their rooms. Hotels have encouraged this trend by at last investing in their restaurants and getting rid of the old railway station admosphere many of them had.

Mr Hearn, whose THF group has spent heavily at Grosvenor House on the 90 Park Lane restaurant, and which is seeing substantial increases in business at its gourmet operations at Browns and the Westbury, reckons increased spending by the hotel groups is making life difficult for independent competition. "I really do think the catering business now is one where you have to keep reinvesting."

Catering consultant Ed Davis talks about a life cycle of "four and a half to five years" for a particular style in a restaurant these days. The implication is that after that both staff and customers get bored.

This comment, however, seems to be more applicable to the league a nudge down from the de luxe market, the £10 a head restaurant where a house style starts to be more important than the food.

In this field there is no doubt the influence of American thinking is growing considerably, with the "theme" restaurant—or what Mr Davis calls "the controlled formula" —increasingly favoured. He works in the thick of the business and reckons that many a brewer is now looking at London properties and thinking about turning more to the middle market and theme restaurant food with standard portions and central buying. "It is a *highly* profitable area, but once you start talking about haute cuisine you are in trouble keeping control."

This problem does not seem to apply to one-off operations. The past few years have seen a sprouting of popular new restaurants in London which try hard with the food as well as the formula—Langans, the new Escargot, the Caprice, Menage a Trois and the Gavroche could all be seen as part of this new wave.

Covent Garden, from Inigo Jones in the west to the Neal Street restaurant in the east, has thrown up a veritable forest of eating houses and wine bars, though some of them are decidedly second-rate.

The old gastronomic stamping ground of Soho is also on an upward slope once more after a period of out-of-favour sleaziness.

Like the stage the restaurant scene seems sometimes to be composed of personalities who are either wildly successful or permanently resting. It is, however, a scene which is changing rapidly and outside observers of the Wheelers empire see it as one which will eventually have to come to grips with that change. The decision over which level of the market to aim for and whether to take the "theme" route so popular with rival operations is a tricky one. But for the moment the upper regions of the London restaurant trade appear to be an area where small is still beautiful.

FINANCIAL TIMES

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SPANISH PRIME MINISTER REFERS TO 'MILITARY PROBLEM'

González warns coup plotters

BY TOM BURNS IN MADRID

SR Felipe González, the Spanish Prime Minister, issued an unexpected and sharp warning to potential coup plotters in a "state of the nation" speech to the Spanish parliament last night.

Sr González's two-hour speech, which will be followed by a debate this week on the Government's programme, was his first important address to parliament since he took office last December and came a week after Gen Fernando Soteras Sotomayor was sacked from his post as regional commander of north central Spain for publicly supporting the rebels of the 1981 attempted military coup.

In a surprise reference to the "military problem" in what was expected to be a routine review of 10 months of Socialist Government Sr González said he was concerned that "there are still military and civilian sectors that do not accept that parliament is the sole institution empowered by the constitution to control the Government's actions."

The Prime Minister criticised those who attempted to bypass the constitution by appealing to "the sidelines of the constitutional process" and by propagating the idea of "an autonomous military power." This appeared to be an implicit reference to traditional appeals by right-wing officers and civilians for King Juan Carlos as supreme commander of the armed forces to limit government intervention in the forces, and eventually to take a stand in politics.

Such sentiments were most recently expressed by Gen Soteras in a controversial magazine interview in which he criticised government actions and called for a pardon for the coup rebels.

Sr González added that the Government was kept fully informed of the state of mind and of the preoccupations of the members of the armed forces and that in the main those coincided with the concerns of most Spaniards.

In his review of the Government's record, the Prime Minister emphasised that the economic situation remained serious. He also stressed that certain indicators were encouraging. These included rising exports, a levelling off in the unemployment rate, an estimated 1.7 per cent growth in the gross domestic product (GDP) and a reduction by 2 points of a 14 per cent inflation rate at the end of last year.

Sr González pledged that a guiding economic principle of his Government was to contain and reduce the budget deficit. Later this week, Sr Miguel Boyer, Economy Minister, will be announcing the 1984 budget and the guidelines for a three-year agreement with union and employers

Sr González confirmed that the Government would be seeking to hold wage increases below the inflation level

UK ready to soften attitude on Japanese imports

By Christian Tyler and John Lloyd in London

BRITAIN is set to become more tolerant of import penetration from Japan and the newly-industrialised countries under the direction of Mr Cecil Parkinson, Trade and Industry Secretary.

Mr Parkinson, who took office this summer, has made clear that he is committed to free trading principles and will not be seeking full reciprocity from countries with favourable terms, like Spain, or with whom Britain runs a trade deficit.

His views are likely to come as a shock to many in industry, but he is expected to resist calls for protection from foreign competition, even at the risk of political unpopularity.

The Minister said in an interview that he was not too concerned about bilateral imbalances. He would, however, impress on Japan the need to open its market to British goods when he visited Tokyo next month. The UK's deficit with Japan was £1.23bn ($1.84bn) in the first half of this year.

The Minister's views could put him at odds with EEC partners such as France, which have taken direct measures to block Japanese imports. Mr Parkinson declared himself satisfied with Japan's voluntary restraint of exports to Britain, and is unlikely to press for their extension.

He could have difficulty in pressing his free trade views in Cabinet, where other Ministers appear less sanguine about the employment effects of further opening the UK market.

Mr Parkinson will be visiting Washington next month and he is concerned that the protectionist lobbies there will be "hyperactive" in the run-up to the presidential election.

● The EEC launched a major diplomatic offensive yesterday to demand that Japan increase imports of manufactured goods and cut the growing imbalance in its trade with Europe, Reuters reports from Tokyo.

Ambassadors of all 10 Community states and representatives of the European Commission told Japanese Trade Minister Sosuke Uno that anti-Japanese feeling was growing in Europe because the rise in imports from Japan was threatening jobs in competitive industries.

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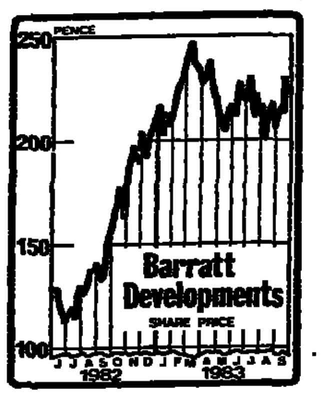
THE LEX COLUMN

A comedy of corrections



The natural vigour of the U.S. economy in a recovery phase has become a well-worn adage with which to lambast the tired home-grown performance. But, not for the first time, the publication of revised – and rebased – UK government statistics means that history can be rewritten. U.S. GNP recorded annualised growth of 9.2 per cent in the second quarter; on the same annualised basis, which should perhaps not be taken too seriously, we now discover that UK GDP rose at a similar rate – 9 per cent – averaging the income, expenditure and output data. And the UK jump took place ahead of that in the U.S., in the first quarter.

The rebasing from 1975 to 1980 weights in the National Income and Expenditure tables is almost wholly flattering to economic performance. If anything the scale of the 1980 downturn emerges as larger than before, but the recovery is much swifter. The new figures show a 1.8 per cent increase in output in 1982 on the average estimate, while the old recorded only 1 per cent. The greater weighting given to oil improves the retrospective look of the current account, with exports rising by 0.9 per cent a year over the last five years, rather than 0.6 per cent, and imports up by 2.1 per cent, rather than 3.1 per cent. Meanwhile the rebasing has done nothing to close the gap between the expenditure and output data, suggesting that the discrepancy may be due to the inadequate way the non-industrial – labour-intensive – part of the economy is measured.

It is against this backdrop that company profits have moved ahead faster in recent years. In the second quarter, profits net of stock appreciation are up by 25 per cent on the same period a year ago. The context of the steady equity bull market since 1975 now looks a great deal more coherent.

Dalgety

Nothing in its recent up-and-down history will be encouraging Dalgety to count its chickens before they are properly hatched, batched, and chirping merrily in the sunshine. A Monopolies Commission referral for its proposed deal with Ranks Hovis McDougall is still possible and there could even be problems with its pending Australasian restructuring.

Assuming the completion of these deals, though, Dalgety looks poised to enjoy a rather more predictable future. Gains already secured in UK profitability and group cash flow have laid the basis for this and both are evident behind the latest pre-tax profits advance in the year to June from £45.7m to £52.5m.

The UK foods division has suffered from a £2m downturn on its eggs business and milling profits have slipped marginally. But Dalgety has tightened the margins on both its pet foods and its malting operations, and the animal feeds division has had an excellent year, which will reinforce the group's confidence that it can double the returns currently made on RHM's feeds business.

Neither steady progress in the UK nor the restructuring of the group, however, are likely to lift pre-tax profits this year much higher than the £49m level achieved in 1982-83 before a £3.4m exceptional item. Any advance as far as £55m will be largely dependent on higher lumber prices and lower U.S. interest rates to boost Canadian profits again as they did in the quarter to June.

In the meantime, Dalgety's changing image might be sharpened by further disposals – and perhaps a centenary dividend boost which could yet push the yield back over 9 per cent on last night's 392p closing price.

Barratt

With almost unnatural precision, Barratt goes on grinding out its housing projects at margins within a whisker of 10 per cent, with the result that, on sales almost a third higher, pre-tax profits have fallen only a touch short of market expectations, at £52.2m for the year to June.

Yet there are a few signs that Sir Lawrie Barratt's helicopter may not be quite a perpetual motion machine. For earnings per share to have fallen by 6.5 per cent certainly suggests some loss of momentum, though increased liability for mainstream tax is obviously no help.

Although the scare over the future of timber-framed housing chopped deep into Barratt's share price – and presented it with an unwanted marketing challenge in the UK – the main short-run question for Barratt must be the relatively slow pick-up in its Californian business, which, with profits of £1.4m pre-tax, cannot yet be generating anything like the return on capital for which Barratt, and the market, have been looking.

Barratt is still straining every nerve to tap demographic opportunities in the UK, with the retirement market its latest target. And it is starting to pick up significant turnover in refurbishment of local authority property which might otherwise be written off.

Down 8p at 222p yesterday, the shares yield 4.9 per cent, with an historic net multiple of nearly 11, giving some scope for recovering recently lost ground.

Norcros/UBM

Having picked up shares during the period of its first offer only from the innumerate, Norcros has returned with a bid for UBM which will at the very least provoke a serious defence. The sweetened cash terms may enable Norcros to establish some buying momentum in the market, although, with the threat of a counter-bidder not altogether removed, the outcome is unlikely to become clear until the very last minute.

The revised offer is nothing if not generous. Taking as a yardstick the ceiling profit targets in UBM's own executive bonus scheme, Norcros is offering roughly 10 times fully-taxed 1985-86 earnings, a year which might easily represent the peak of the present construction cycle. Norcros, of course, might well do better than that and it would be surprising if UBM itself produced a profit forecast of anything under £10m for the current year.

Even on that basis, however, Norcros shareholders would be faced with earnings dilution of perhaps 3 per cent in the current year, assuming a five-month UBM contribution and full acceptance of the equity/cash offer. At this stage, there would probably be little for Norcros to lose in declaring the latest terms its final offer.

AT&T in talks with Olivetti

By Terry Dodsworth in New York

AMERICAN Telephone and Telegraph (AT&T) has raised speculation about its plans in the office equipment industry by confirming that it has recently held talks with Olivetti of Italy.

According to the group's international division, it has been talking to Olivetti as well as other companies "as it does from time to time." But the discussions come at a time of considerable uncertainty about the future shape of Olivetti's ownership – particularly the 33 per cent held by French state-controlled interests in the Italian company.

AT&T recently denied that it had any intention of taking an equity participation in Olivetti. While refusing to confirm whether the company would be bidding for the 33 per cent stake in the Italian office equipment manufacturer, the international division confirmed that it would find Olivetti's office automation technology attractive.

The French interest in Olivetti is held by two nationalised companies, Bull, which has a 23 per cent. CGE, another French nationalised concern, is reported to be interested in taking over Saint Gobain's shareholding.

AT&T is due to disappear in its present form at the beginning of next year, when it will be broken up into eight different companies in one of the biggest corporate dismemberments in history. This shake-up of the group has led to intense speculation about its future marketing strategy, both at home and overseas.

U.S. grand jury steps up its probe into Marc Rich group

Continued from Page 1

the alleged tax evasion scheme could be much larger and hinted that there could be further indictments.

The federal prosecutors also said the grand jury will continue to investigate other matters, including the sale earlier this year of Marc Rich & Co International to a group of investors, many of whom are Marc Rich & Co AG shareholders, and its subsequent name change to Clarendon Ltd.

The grand jury will also investigate the dramatic seizure by federal agents at Kennedy Airport last month of two steamer trunks of documents which were en route to Switzerland

The court hearing yesterday in lower Manhattan also revealed the serious disagreement between the Swiss and U.S. governments over jurisdiction in the case.

U.S. federal prosecutors in court accused the Swiss Government of using the country's corporate disclosure laws to block the full investigation of the Marc Rich Commodity group. The charge, levelled by Mr Larry Pedowitz, chief of the federal division of the Southern New York U.S. Attorney's Office, came during a detailed court statement covering meetings between U.S. and Swiss authorities in Berne, Switzerland, earlier this month.

The disagreements between the Swiss and U.S. governments over U.S. requests for Marc Rich AG documents subpoenaed by the grand jury were also highlighted in a letter from the Swiss ambassador to the U.S., Mr Anton Hegner, made public in court yesterday.

The letter reveals that U.S. attorneys met a Swiss delegation on September 7 and 8 following the decision on August 13 by the Swiss courts to seize Marc Rich AG documents under the provision of Article 273 of the Swiss legal code, which restricts disclosure of business details by Swiss-based companies.

Mr Pedowitz told the court that the U.S. delegation to the meeting in Berne had impressed upon the Swiss authorities that the investigation centred on the largest tax evasion scheme ever prosecuted. "We made it clear that we know a great deal about the documents seized and that they are extremely important to the U.S. Government," said Mr Pedowitz, who described the documents as "golden nuggets" essential to the investigation.

Mr Pedowitz said that the U.S. delegation had suggested "numerous reasons" why Article 273 should not apply. He said Swiss lawyers had advised U.S. attorneys that Article 273 does not apply to international telexes. He revealed that "the first five boxes" of documents seized by the Swiss courts contained telexes between London and Switzerland.

The U.S. attorneys apparently urged Swiss authorities to "expedite" their investigation under Article 273 but were advised by the Swiss authorities that it was not possible to indicate when the investigation would be complete.

The Swiss authorities instead suggested that the U.S. seek the documents under treaty provisions or the Federal Act on international mutual assistance which came into effect on January 1 this year and covers disclosure in criminal investigations.

However, Mr Pedowitz said: "We left the meeting convinced that Article 273 was being used as a blocking statute by the Swiss authorities and that it will be so used in further cases."

This was later denied by lawyers representing the Swiss embassy in Washington, who repeatedly urged the U.S. authorities to seek the documents under treaty or the Federal Act's provisions.

Mr Pedowitz told the court yesterday that the U.S. feared that if they sought the documents through these provisions their delivery would be delayed by third parties mentioned in the documents who might appeal against their delivery

Even if the Swiss authorities decide Article 273 is not applicable in this case, the U.S. ambassador's letter makes it clear that the Swiss authorities are concerned about attempts by the U.S. courts to extend their jurisdiction. "The Swiss authorities, in accordance with generally recognised principles of international law, could not admit that an entity located in Switzerland and incorporated under Swiss law is subject to the jurisdiction of a foreign nation and could be obliged to submit itself to foreign compulsion, other than through means of international legal assistance," says Mr Hegner.

The U.S. authorities argue that Marc Rich AG is subject to their jurisdiction because they claim it was doing business in the U.S.

Super Etendard sale to Iraq causes alarm

By Richard Johns in London and David Housego in Paris

THE U.S. and British Governments are deeply apprehensive about France's evident determination to deliver five Super Etendard aircraft to Iraq and the Iranian threat to stop all oil exports from the Gulf in retaliation.

Both are understood to have protested through diplomatic channels but to be resigned now to the fact that the aircraft, designed to launch the Exocet missiles already in Iraq's possession, will be delivered shortly.

In Washington and London there is no certainty over whether the Super Etendards will enable Iraq to strike more effectively at the Iranian oil terminal of Kharg Island. The view, however, is that Iran's threat of retaliation against other Arab oil producers can only be taken seriously and delivery of the aircraft would, on balance, endanger oil supplies.

The French Government appeared yesterday to have authorised delivery of the controversial strike aircraft which, armed with Exocets, proved the biggest single challenge to the British task force in the Falklands war. It held back from giving the green light last week in the face of Iranian warnings of reprisals

Merger shows state industries are freely run, says Brunet

BY PAUL BETTS IN PARIS

THE MAJOR restructuring of the electronics and telecommunications business of CGE, the French nationalised conglomerate, and Thomson, France's other big nationalised electronics group, shows that state-run industries have independence of management, M Jean Pierre Brunet, CGE chairman, told a Paris press conference yesterday.

M Brunet claimed the agreement was negotiated by the two nationalised companies independently of the Government, Thomson's and CGE's common shareholder.

The Government, after considering the far-reaching asset swap proposed by the two companies, yesterday gave permission for the two groups to go ahead with perhaps the single most important industrial restructuring in post-war France.

M Brunet, a former French ambassador in Bonn, acted essentially as the master of ceremonies at yesterday's press conference. The real architects of the deal sat on each side of him – M Georges Pebereau, CGE's managing director, and M Alain Gomez, Thomson's chairman. Both sought to justify the industrial logic of the proposed asset swap but were spare on detail.

From the beginning, secrecy has surrounded the CGE-Thomson discussions. In view of the continuing opposition of the French telecommunications authorities to the consolidation of the telecommunications industry around a single supplier, and the concerns of the Communists and of the pro-Communist CGT labour confederation, the two men preferred to talk in generalities rather than details.

The deal will see Thomson abandon all its non-military telecommunications business, about FFr 9bn ($1.12bn) in annual sales, which will be grouped in a temporary holding company called Thomson Telecommunications (TT).

This holding will be initially held 48 per cent by the French state, 40 per cent by Thomson and 12 per cent by CGE, whose Cit-Alcatel telecommunications subsidiary will manage the two groups' telecommunications business.

While the two executives would not disclose the financial aspects of this holding, the state initially is to provide funding. Eventually, however, CGE would take over 60 per cent control of the holding.

At that stage, the state groups and not the Government would assume the full financial responsibilities of the new telecommunications concern.

In return for passing over management control of its telecommunications business to CGE as well as cable business and postal distribution operations, Thomson will take control of CGE's Sintra military subsidiary (annual sales of about FFr 1bn), CGE's electronic components business and its consumer electronics operations.

This reorganisation, however, hinges on certain specific conditions set down by their shareholder, the French Government. These include:

● The reorganisation of the telecommunications business under a single umbrella must still preserve production of Thomson's and Cit-Alcatel's present generation public telephone switch systems.

● The agreements between Thomson and CGCT, the other French telecommunications supplier owned by ITT before nationalisation, will remain in effect. These agreements essentially involved Thomson licensing its public telephone switch technology to CGCT, which since ITT's departure had no adequate technology in this sector.

● There must be no loss of jobs.

● The telecommunications reorganisation must be aimed at enhancing French exports

Go-ahead for CGE and Thomson deal

Continued from Page 1

M Alain Gomez, Thomson's chairman, and M Georges Pebereau, CGE's managing director, argued that the asset swap had become necessary to enable the companies to compete in the worldwide market while leading international groups were teaming up in the communications and high-technology sectors.

The recent collaboration deal between American Telephone and Telegraph (AT&T) of the U.S. and Philips of the Netherlands was cited by both executives

Despite strong lobbying against the asset swap by the French telecommunications authorities (PTT), which have argued for the need for competition in the domestic telecommunications market, M Fabius sided with the two state groups.

His predecessor, M Jean-Pierre Chevènement, had also favoured a regrouping of the French telecommunications business, but had failed to break down the PTT's opposition.

The Government's decision on the asset swap is a further indication of the important evolution in the Socialists' approach to industrial policy.

M Fabius has said he wants nationalised companies to become profitable by 1983 and has been adopting an increasingly free-market approach to the nationalised sector. He has also pressed for greater industrial collaboration between French groups and international enterprises.

Thomson, with annual sales of FFr 47bn last year, lost FFr 2.2bn in 1982. CGE, with sales of FFr 66bn last year, made a profit of FFr 638m in 1982.

The conditions imposed by the Government on the two groups include a demand that their respective public telephone switching systems should continue to be produced after their telecommunications operations are merged.

Other conditions include collaboration between CGE and Bull, the nationalised computer company; consultations with the workforce; guarantees that jobs will be safeguarded; and a review of the reorganisation in December 1984.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	23	73	Dubrovnik	S	24	75	Malaga	S	27	81	Salzburg	R	12	54
Akrotiri	S	28	82	Faro	S	28	82	Malta	S	28	82	Seoul	S	28	82
Algiers	S	29	84	Florence	S	27	81	Manila	S	33	91	Singapore	R	30	86
Amsterdam	F	16	61	Frankfurt	F	17	63	Miami	C	30	86	Stockholm	S	16	61
Athens	C	24	75	Funchal	F	24	75	Milan	S	24	75	Strasbourg	F	18	64
Bahrain	S	34	93	Geneva	S	18	64	Moscow	S	23	73	Sydney	S	24	75
Bangkok	S	32	90	Gibraltar	S	27	81	Munich	R	12	54	Taipei	S	33	91
Barcelona	S	27	80	Guernsey	S	15	59	Nairobi	F	25	77	Tangier	—	—	—
Beirut	S	29	84	Helsinki	S	17	63	Naples	S	25	77	Tehran	—	—	—
Belgrade	F	20	68	H Kong	C	31	88	New Delhi	C	35	95	Tel Aviv	F	29	84
Berlin	F	17	63	Innsbruck	C	17	63	New York	S	35	95	Tenerife	S	28	82
Biarritz	S	20	68	Inverness	R	11	52	Nice	S	24	75	Tokyo	C	25	77
Blackpool	F	14	57	Istanbul	F	22	72	Oporto	C	19	66	Toronto	C	22	72
Bordeaux	S	19	66	Jersey	F	15	59	Oslo	C	15	59	Tunis	S	28	82
Brussels	F	16	61	Jo'burg	S	25	77	Paris	F	16	61	Valencia	F	27	81
Budapest	—	—	—	Las Palmas	S	25	77	Prague	R	12	54	Venice	S	25	77
B Aires	F	16	61	Lima	S	21	70	Reykjavik	S	9	48	Vienna	S	23	73
Cairo	S	34	93	Lisbon	S	24	75	Rio de J'o	R	28	82	Warsaw	S	21	70
Cape Town	F	16	61	Locarno	S	21	70	Rome	S	25	77	Zurich	F	16	61
Caracas	C	29	84	London	F	16	61								
Casablanca	S	28	82	Los Angeles	S	32	90								
Copenhagen	F	17	63	Luxembourg	—	—	—								
Corfu	S	25	77	Madrid	S	28	82								
Dublin	R	11	52	Majorca	F	26	79								

Readings at mid-day yesterday:
C—Cloudy D—Drizzle F—Fair Fg—Fog H—Hail R—Rain S—Sun Sl—Sleet Sn—Snow T—Thunder

Dutch spending cuts

Continued from Page 1

scribes the Dutch economy as being in "a dire state," requiring "painful" measures. Its various budget proposals, designed to reduce the financing deficit in 1984 by Fl 11.5bn, are classified officially as "swingeing." They include:

● a lowering of the bottom rate of income tax from 17 per cent to 16 per cent;

● a 1 per cent rise in higher income groups;

● VAT up 1 per cent;

● corporation tax down from 48 per cent to 43 per cent;

● a 15 per cent rise in excise duty on spirits, 8 per cent on beer and 40 cents per packet of cigarettes;

● an extension of the "temporary" levy on incomes, on top of income tax;

● a general 3.5 per cent cut in public sector pay from January 1;

● an overall 3.5 per cent cut in social security benefits plus a freeze of the social security index;

● increased perscription charges, fewer hospital beds;

● social security payments down.

Total tax revenues from 1984 are estimated at more than Fl 93bn. Indirect tax should yield Fl 44bn, income tax Fl 37bn, dividend tax Fl 1.1bn, corporation tax Fl 9.4bn and wealth tax and death duties Fl 1.6bn.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday September 21 1983

Vontobel to become limited company

By Anthony McDermott in Geneva

ZURICH'S largest private bank, J. Vontobel, plans to change its status to that of a limited company to be known as Vontobel Holdings. The change will not alter its main portfolio management activities and it will remain a family-run company.

Under the process of reorganisation, the bank says it will eventually increase its capital from the present SwFr 45m ($20.9m). The bank's balance sheet total is currently estimated to be well in excess of SwFr 500m.

The main reason for the capital changes appears to be the problems small unlimited liability Swiss banks face at a time of mounting banking risks.

There are also political rumblings in the background: the Government has plans to standardise the equity to lending regulations between private and publicly owned banks.

"We will be more flexible in future," says Dr Hans Vontobel. The bank wants to continue to operate its main specialisation, portfolio management, although there is a move into new, as yet undefined, fields.

U.S. Sugar to sell employees 70% interest

By Our New York Correspondent

U.S. SUGAR, the Florida-based company which claims to be the largest raw sugar producer in the country, is planning to go private in a $240m co-ownership scheme backed by its majority shareholders.

The proposal provides for the acquisition of about 70 per cent of the company by an employees' trust fund, which would be funded by a loan provided by the company itself.

Commenting on the scheme, a company spokesman said that public investors in the company were suffering from the lack of marketability in the stock. The buy out offer, at $88 a share, compares with a trading range over the last year of $26 to $52, and a book value per share of $48. Independent advisers had calculated that the offer price gave a firm indication of the company's worth.

The acquisition will also allow the Mott family, who own 70 per cent of the equity, to liquidate some of their holdings while retaining control of the company. Following the retirement of some of the shares acquired, the plan would leave the Mott family with a little over 50 per cent of the common stock. The rest of the shares would eventually end up in the hands of the 2,400 employees.

U.S. Sugar made net profits of $19.3m in the year to last September at $3.94 a share.

Shamrock sale by Signal

SIGNAL Companies has agreed to sell its entire stake of Diamond Shamrock common stock in a public offering that will realise $164m, Reuter reports.

Signal's 6.83m Diamond Shamrock shares will be placed with Lazard Freres, Goldman Sachs and Co and Salomon Brothers for resale to the public. The sale is expected to be completed by September 27.

Investors' group makes new bid for Kaiser Steel

BY GORDON CRAMB IN NEW YORK

KAISER STEEL, the large West Coast U.S. steelmaker, was yesterday considering a leveraged buyout proposal from an Oklahoma investors' group which would involve no cash outlay for the purchase.

The proposal, from a group led by Mr J. A. Frates, of Tulsa, runs counter to an already agreed offer in cash and Kaiser preferred stock from a Minneapolis group headed by Mr Irwin Jacobs, which was valued at $270.8m.

The new bid – on which Kaiser, the 13th largest U.S. steelmaker, took no immediate view – provides for the exchange of each of Kaiser's 7.3m common shares outstanding for $27.50 in cash and one share each in two series of preferred stock which would be launched for the purpose.

Funding for the acquisition would come partly in the form of a $150m bank loan to Kaiser, which the Frates group said it was attempting to arrange, with the remainder being drawn from existing Kaiser cash.

Kaiser, with a balance sheet showing about $294m in available cash but $244m in debt, last month reported first-half net losses of $17.6m against year-earlier earnings restated at $15.8m.

None of the Frates investors yet own any Kaiser stock, whereas Mr Jacobs and his group – which reached agreement with the company in July – hold an estimated 1.18m shares.

Mr Jacobs denied at the time that he planned to liquidate the company. The Minneapolis entrepreneur is known for reviving ailing manufacturers or selling off their assets.

Mr Frates heads a private investment management group, Frates Enterprises, and is understood to have interests in electrical goods and property.

On the New York Stock Exchange yesterday, Kaiser's shares added an initial ¾ to 37¾ compared with a 52-week high of $43¾ and low of $16½, and with a per share value on the Jacobs offer put at $44.50.

Kaiser declined to value the Frates proposal or compare the two until the board had met.

Credit Lyonnais lifts stake in Dutch bank

BY WALTER ELLIS IN AMSTERDAM

CREDIT LYONNAIS, the second-largest French bank, will increase its holding in Credit Lyonnais Bank Nederland (CLN) – formerly Slavenburg's – from 78 per cent to about 90 per cent through a preference share issue to be completed by October 4.

The move, arising from the French bank's rescue of its Dutch Associate earlier this year, will cost Credit Lyonnais Fl 205m ($68m) and will take the paid-up assets of CLN from Fl 144m to Fl 349m.

Credit Lyonnais is to pay for its new holding at the full Fl 50 par value of CLN shares, slightly above the Fl 49 per share price quoted yesterday on the Amsterdam exchange. A total of 4.1m new shares is involved in the deal, which is to be enacted at a rate of 10 new shares for every seven existing shares.

In February this year, Slavenburg's was plunged into controversy after a series of police raids and the arrest of a number of its senior staff on fraud charges. Unprecedented sums of money had to be used to cover the bank against fraud and bad debt, and Credit Lyonnais decided subsequently to make a clean sweep by reorganising the management, pumping in fresh capital and changing its name.

Schindler set to hold earnings in full year

BY OUR FINANCIAL STAFF

SCHINDLER, the Swiss engineering group, reports lower sales for the first half of 1983 but says profits for the year as a whole will be broadly maintained.

The company, whose main products are lifts and escalators, made a net profit of SwFr 12.84m ($5.97m) for 1982, compared with SwFr 12.9m a year earlier. Sales for the first half of 1983 are SwFr 818m, down 1½ per cent on the opening half of last year.

An interim progress report to shareholders says order inflow in the half year totalled SwFr 934m, 8.6 per cent higher than the same period of 1982. Exchange rate factors had a 9.5 per cent negative effect on orders, which have been inflated by the consolidation of three new companies.

Orders in hand at end June were 2.9 per cent lower at SwFr 1.53bn. Order inflow in the main lifts and escalators division was 2.6 per cent lower at SwFr 742m

Slack demand for new lifts means cost-cutting measures must be continued, Schindler says. It adds, however, that the business rose considerably in the six months.

Pargesa lifts payout

PARGESA, the Swiss holding company, made a net profit of SwFr 30.4m ($14.1m) for the year ended June 1983 and will pay an effectively increased dividend.

The payment is going up to 4 per cent, compared to the 1½ per cent paid for the previous six-month financial year. Net profit for that period was SwFr 11.9m despite the inclusion of a SwFr 7.5m loss carried over from 1981.

The dividend for 1982-83 amounts to SwFr 40 per old bearer share and SwFr 4 per old registered share. The dividend for new bearer and registered shares issued last March will be one quarter of these amounts.

BSN has strong first half year

By David Housego in Paris

BSN-Gervais Danone, the French food group, boosted net consolidated profits in the first half to FFr 401m ($50 m Turnover rose by 15 per cent to FFr 11.6bn as compared with the first six months of 1982. The figures are based on 90 per cent of net consolidated sales.

The sharpest increase in profits came in the group's packaging division, which recorded a 52 per cent jump in net earnings to FFr 64m. Profits from the dried foods division also rose by 37 per cent to FFr 93m.

By contrast there was a 10 per cent drop in profits from the group's drinks division, which includes its brewery and mineral water interests.

● Société Nationale Industrielle Aerospatiale (SNIAS), the French state-owned aerospace company, has reported a one-third rise in sales in the first half of this year to FFr 11.4bn from FFr 8.5bn a year before.

The company also disclosed a substantial drop in its order book, which it said partly reflected the international economic recession. Orders on hand on June 30 totalled FFr 45bn down from FFr 50.1bn.

Paribas and Becker in joint venture

By Our Financial Staff

A.G. BECKER Paribas, the Wall Street investment bank, has formed an international fund management company in a joint venture with Paribas, the French state-owned financial holding group which took majority control of Becker in March.

A.G. Becker also announced it was negotiating to sell its funds evaluation business, which provides investment performance and consulting services to sponsors and managers of tax-free funds. The buyer is SEI, a supplier of information systems and financial services, which said the price was expected to be between $10m and $14m.

M Herve Pinet, chairman and chief executive of A.G. Becker, said the sale was "a key element in Becker's long-term strategic planning.

"It will enable us to enter the asset management arena on a very broad international scale free of any preception of possible conflicts of interest – something that deterred us from such activities in the past."

Capital gains boost profits at Value Line

By Paul Taylor in New York

VALUE LINE, which publishes one of the leading investment advisory services in the U.S. and which earlier this year went public, reports that its earnings in its first fiscal quarter more than doubled, bolstered by $928,000 in capital gains.

Net earnings reached $3.29m or 33 cents a share in the quarter ended July 31, including the 9 cents a share capital gain, compared with net earnings of $1.56m or 16 cents a share in the same period last year. Revenues increased from $9.87m to $13.26m, aided by a surge in subscriptions.

The company, in which Mr Arnold Bernhard and his family still have a controlling interest after selling 1.9m shares out of 10m outstanding for $32.3m earlier this year, added that mutual funds managed by the company increased to $1.4bn at the end of the quarter, from $1bn a year earlier.

Braniff names Slattery as new president

By Our Financial Staff

BRANIFF International, the grounded U.S. airline currently reorganising under Chapter 11 of the bankruptcy laws, has named Mr William D. Slattery president and chief operating officer, with the primary responsibility of co-ordinating the resumption of flying operations.

The appointment is effective on completion of Braniff's agreement with Hyatt, an U.S. hotel group owned by the wealthy Pritzker family. This deal, filed under a reorganisation plan in June, involves an investment of about $20m by Hyatt in return for 80 per cent of Braniff's stock, plus certain loan commitments to help Braniff resume flying next year

DUTCH COMPANIES STRENGTHEN POSITIONS IN WORLD'S TOUGHEST MARKET

Finding a path in the U.S. jungle

BY TERRY DODSWORTH IN NEW YORK

THE U.S. is littered with the skeletons of once hopeful foreign companies which have failed to find the magic formula for operating in the western world's biggest market. Perhaps the principal reason for this long list of disasters is that the U.S. market is also the most competitive. The opposition is ruthless, the cost of buying a way in is high, and there are no Queensberry Rules to give gentlemen players a chance.

These points emerge with some force from a recent study of Dutch investment trends in the U.S. Prepared by Arthur Young, the international consulting firm, and the Netherlands Chamber of Commerce in the U.S., the report shows that the Dutch have been steadily strengthening their position in the American market, where they have been among the leading foreign investors for several years, along with the UK and Canada. But few companies seem to have found the going easy, and the reasonably favourable results say a great deal about Dutch skills as experienced and sympathetic international managers.

One of the main problems highlighted by the study is the difficulty of establishing a correct operating base in the first place. A staggering 27 per cent of the sample companies acquired their U.S. subsidiaries at a price 50 per cent above book value, and another 16 per cent paid between 25 and 49 per cent over book.

This may not be quite as dangerous as it sounds, because of the tight control over the revaluation of property assets in the U.S. Nevertheless, it puts a big burden on management's ability to show healthy profit margins. About 28 per cent of the companies claimed to be making returns of more than 15 per cent on net assets – but 56 per cent were below 10 per cent and 17 per cent in loss.

To defend against paying over the odds, the report suggests that investors should use American-style techniques of independent balance sheet audits before acquisition, or contract provisions that make the purchase price dependent on future profits.

On the trading front, management can be just as seriously buffeted by the rough competitive environment. A large number of companies reported that they were simply not prepared for the overwhelming intensity of the sales battle.

Among the survey's tips are the importance that ought to be placed on marketing, and customer service in particular. Low cost manufacturing was regarded as being of only relatively limited importance, and virtually none of the companies complained about labour relations. But success often depended on having a local American marketing team that knew its way around.

Getting this type of expertise means being prepared to buy it. The idea of high rewards for a high rate of success is deeply embedded in the U.S. managerial psyche.

The survey concludes that, despite formidable hurdles, the Dutch companies are, on balance, winning through. Foreign investment in the U.S. after doubling in the 1975–80 period, eased during the subsequent period of the strong dollar. Nevertheless, the Dutch are still moving in – they raised their accumulated total investment from $17bn in 1980 to $20.2bn in 1981 according to the NCC figures – and the majority in the survey reckoned they had achieved or exceeded profitability expectations.

Many of these will, of course, have benefited from the strength of the dollar which reflects well on translation into parent company profits. But there was still a substantial minority – 27 per cent – floundering along below their expected rate of profitability, and a number of lossmakers. For them, the currency play has been particularly severe, since dollar losses are correspondingly higher when translated home. Their experience only goes to emphasise the risks attached to the world's most challenging market-place.

Jewel hit by setback at Mexican associate

BY OUR FINANCIAL STAFF

A SHARP downturn in the contribution from its Mexican associate Aurrera hit second quarter profits at Jewel Companies, the Chicago-based supermarket and drug store operator.

Net earnings for the three months to August 13 slipped from $25.42m to $24.78m, or from $1.95 to $1.89 per share, on sales of $1.71bn, against $1.69bn. This left the first-half earnings down from $42.25m to $39.15m, or from $3.21 to $2.95 a share, on sales of $2.99bn against $2.93bn.

The contribution from Aurrera fell in the quarter by 69.5 per cent from $7.4m to $2.6m, while pre-tax earnings of its supermarkets division rose 14.9 per cent on slightly lower sales. Eisner, Star and Jewel Food achieved gains.

The drug store division lifted taxable earnings 12.8 per cent on sales 9.6 per cent higher, despite lower earnings at Sav-on Sales. Osco's turnover was 14.6 per cent ahead. The group says that cost controls and productivity programmes will help the results in the third and fourth quarters.

Group profits for the quarter were shown after a Lifo accounting charge to allow for the effect of inflation on stocks down from $5.62m to $4m. There was also a net gain this time of $3.2m from the sale of Mass Feeding.

Canada press groups accused of conspiracy

BY NICHOLAS HIRST IN TORONTO

THOMSON Newspapers, a subsidiary of the International Thomson Organisation and Southam, which between them control nearly 50 per cent of daily newspaper circulation in Canada, yesterday pleaded innocent at a trial in Toronto to charges of conspiring to shut down papers and reduce competition.

The trial, which opened this week before a judge sitting alone in the Ontario Supreme Court, is seen as a fundamental test of the concentration of newspaper ownership in Canada.

It comes at a time when the Federal Government has proposed legislation following some of the recommendations contained in a Royal Commission on the press to restrict future acquisitions by both Thomson and Southam.

Outlining the background to eight counts under the Federal Combines Investigation Act, Mr Claude Thomson, the federal prosecutor, told the court the companies conspired to close newspapers in 1979 and 1980 in Montreal, Ottawa and Winnipeg to reduce competition between the two groups.

Mr Thomson claimed that the companies entered into an unlawful conspiracy to prevent competition, created mergers designed to lessen or prevent competition to the detriment of the public, and created monopoly situations.

Toronto Dominion's investor plan angers the brokers

BY NICHOLAS HIRST IN TORONTO

A BATTLE royal has broken out in Canada's financial community over a proposal by the Toronto Dominion Bank, one of the country's big five chartered banks, to offer a cheap share dealing service to the public.

At first sight the proposal looks both innocent and minor. The Toronto Dominion (TD) wants to put together a package, to be called the Green Line Investor Service, which would allow an investor with a minimum portfolio of C$10,000 (some US$8,000), executing at least five deals a year, to use a toll free telephone line to place share deals through the lately set up discount broking system.

Established brokers see the proposal as neither innocent nor minor. They argue that it is "the thin edge of the wedge" for the banks to move in on the securities industry. If the TD is allowed to go ahead, they believe, other banks will soon follow. The brokers claim that would threaten their independence, lead to an undue concentration of financial power and damage the operation of Canada's capital markets.

The Canadian Bankers Association says it will do no such thing. But the outcry has been sufficient for the Ontario Securities Commission, the regulatory body for the Toronto Stock Exchange, the largest in the country, to have convened an open meeting on "The Role of the Financial Institutions in the Canadian Securities Market," as well as a formal hearing to rule whether the TD proposal was allowable under Ontario law.

A lawyers' field day

Originally planned to last two weeks, by the time closing submissions are presented on Monday, the open meeting will have lasted twice as long. It has become a lawyers' field day, with up to 22 advocates presenting views from every side of Canadian financial life.

The Toronto Dominion has agreed to hold back the introduction of its service until the hearings are completed and the OSC has given its ruling, expected next month. But, backed by the Canadian Bankers' Association (CBA), the TD has argued that banks are governed by Federal law, and that the provincial securities commission has no right to interfere. An adverse decision by the OSC would almost certainly result in an appeal to the courts.

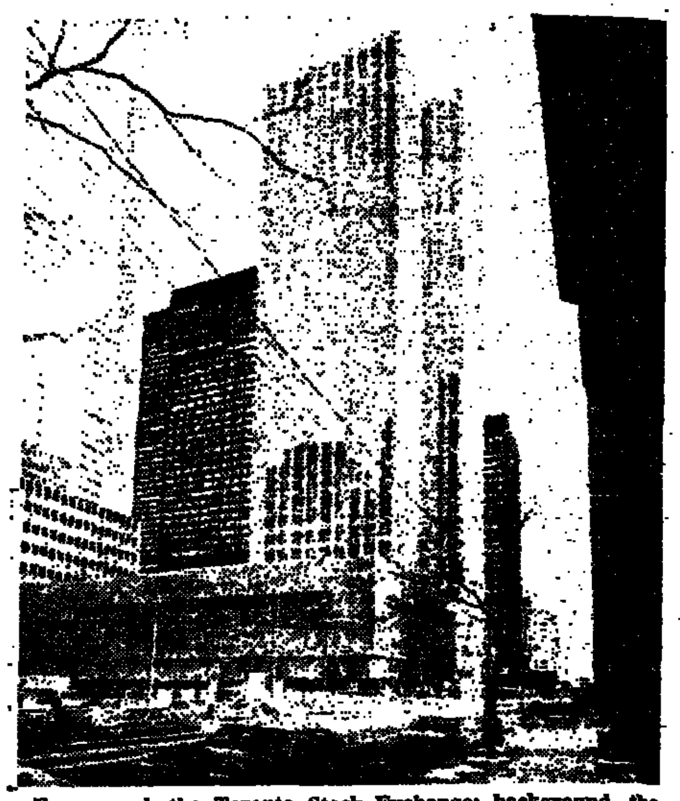
The fuss has arisen because the investment community believed the new service would make the TD and any other banks that followed suit into active rather than passive participants in the securities market. That, the brokers say, is a direct challenge to the Canadian public policy and practice of keeping a strict separation between different financial functions.

Under Federal and provincial legislation, banks have been permitted to take orders for shares. Last year, the Toronto Dominion handled about 10,000 transactions with an average value of C$3,000, a minuscule proportion of total Canadian trades. But the intention of the legislation, the investment community argues, is for the banks to provide a service to outlying areas, not served by stockbrokers' branches, not actively "to solicit" business.

The TD says that its new service is little more than a packaging of the present service. The key difference is that qualified customers will have instant access by freephone to a centralised dealing room, that orders will be placed with discount brokers, and that the service will be heavily advertised through newspapers and through the mail to customers and shareholders.

It is the combination of the heavy advertising and the use of discount brokers which particularly worries the investment community. The TD alone has 1,005 branches, compared with the 476 of all members' of the Investment Dealers' Association.

Discount brokers were set up in Canada after the OSC agreed to allow TSE members to move from fixed rate to negotiated commissions on April 1. So far their impact has been small. Only three are in business and they are restricted by stock exchange rules which require the broker to verify that each transaction is suitable for the client. Those rules are to be reviewed later in the year. The investment community, however, believes that by funnelling trades to discount brokers of its choice, the TD Bank, will inhibit the growth of the discount brokerage industry in Canada.



Foreground, the Toronto Stock Exchange: background, the Toronto Dominion Bank.

Some brokers fear, however, that if the banks are allowed to move aggressively into the secondary market for shares, the next step will be for them to push into underwriting.

Much may depend on how many banks and other financial institutions such as life insurance and trust companies, follow the TD lead, if it is allowed to go ahead. The Trust Companies Association and the Canadian Life and Health Association have both told the OSC they are against the TD plan. But the indications are that some of their members might set up their own scheme if it is given the go-ahead. The banks are watching the hearings carefully.

A merging of financial functions is to some extent under way in Canada. By law and tradition, Canada has maintained four separate pillars to the financial system: the banks, the trust companies, the stockbroking investment houses and the insurance companies. But trust companies, which have traditionally involved themselves in trustee and executor business which is denied to the banks, and in residential mortgage business, have moved increasingly into commercial loans.

The investment community argues in its submission to the OSC that an independent broking community has served to keep Canada among the most efficient capital raisers in the world and that to allow the banks to move into the securities business could lead to a reduction in choice.

But within the investment community itself, there are those who do not believe that the TD service is the first step on the road to creating financial conglomerates. Mr Charles Loewen, chairman of the stockbrokers, Loewen, Oondaatje, McCutcheon, which runs one of the three discount brokerage houses, says the whole debate is a "huge tempest in a teapot."

None of the participants in the OSC open meeting has spoken in favour of a fundamental change in the Canadian financial system. "I think we have accepted that Canada has a segregated financial system," says the chairman, Mr Peter Dey. "What we have to decide is whether we can maintain that system with increasing competition for deposits. Whether is it possible to draw precise boundaries? Is it in the public interest to allow a blurring at the edges?—and who is to decide?"

Emilia Tagaza on the Philippines motor industry shake-out

Marcos thins out the crowd

THE FIVE CAR manufacturers in the Philippines, with their U.S. and Japanese partners, are gearing up for a tough race that will eventually eliminate three of them from the Philippine automotive scene.

President Ferdinand Marcos has decreed a reduction in the number of participants in the Progressive Car Manufacturing Programme (PCMP) from five to two, and the Board of Investments (BOI) was to open the bidding this week for the two coveted slots. Contenders in the race are: Delta Motor Corporation, which has a tie-up with Toyota Motor of Japan, Ford Philippines with Toyo Kogyo, Carco, with Mitsubishi, General Motors Philippines, with Isuzu, and Filipinas Nissan.

The PCMP was set up in 1973, with the goal of reducing car prices to reasonable levels, through a gradual increase in the proportion of locally produced parts in a fully assembled vehicle. However, 10 years after its launching, the programme has faltered. The local content of cars has not increased substantially, with manufacturers barely advanced from the starting point of 40 per cent local content.

Prices have also spiralled. Mr Roberto Ongpin, BOI chairman and Minister of Trade and Industry, says that one of the reasons cars are very expensive in the Philippines is that foreign suppliers of knocked-down (KD) packs have been using transfer pricing, so that the KD packs cost more than fully-built units in their own countries.

Neither has the programme brought in adequate foreign exchange income to the country. Last year, the five assemblers generated US$26m in foreign exchange from the export of parts produced in the Philippines. But in the same year the five were allocated US$100m for their KD imports.

The BOI also concedes that a mistake was made in allowing as many as five companies to join the PCMP to serve a market of no more than 50,000 to 100,000 units a year.

No resistance

The companies have not resisted the reduction order. Mr Ricardo Silverio, president of Delta Motor, which has the biggest share in the car market, says: "The five PCMP participants are in full agreement with the BOI that there are too many participants in the programme." Only three, at the most, should be retained, he argues.

The companies initially launched merger talks so that they could all remain within the programme. Delta Motor and General Motors started formal negotiations, while preliminary talks took place among Carco, Nissan and Ford. The negotiations, however, failed and they all missed the September 12 deadline for submission to BOI of concrete merger plans.

The BoI's guidelines for bidding include four commitments from bidders:

- After two years from the start of the new programme in 1984, foreign exchange earnings from exports of parts and components must equal the amount of foreign exchange the makers spend on KD imports.
- KD packs must be priced at the prevailing market prices in the source-country, net of taxes.
- The bids must provide for an increasing local content programme, starting from a minimum of 40 per cent for cars.
- The two winning bidders must buy the assets of the three that will be phased out, based on book value.

Meanwhile, the five companies themselves feel that Delta Motor, which has the full financial backing of Toyota Motor, may be the best-placed among them. Mr Hirosho Okuda, a Toyota director who is in Manila, has given assurance of his company's strong support for Delta's bid.

Survival hopes

Ford hopes of being a survivor are expressed by Mr John Sagovac, the managing director, who says he is optimistic that Ford Philippines will remain in the PCMP. Ford has a stamping plant in the Philippines which exports its output to the U.S. and to other, Asian countries.

Carco officials also feel confident. They cite the strong presence in South East Asia of its partner, Mitsubishi, which was instrumental in the production of the Pony, the South Korean export car. Mitsubishi is also heavily involved in Malaysia's car industry, and is building an engine plant in Indonesia.

Nevertheless, it is still anyone's game. But whoever does survive, the Philippine authorities are already receiving broad congratulations for moving to thin out the overcrowded car industry.

Losses cut by Trio-Kenwood

By Our Financial Staff

TRIO-KENWOOD, the second-biggest Japanese specialist audio manufacturer which is diversifying into auto components, has announced a reduction in net losses to Y919m ($3.79m) in the year ended May 20, from Y4.87bn in the previous year. Losses per share were also substantially reduced to Y23.3 from Y128.54.

Operating profit recovered from Y29m to Y1.93bn last year, showing further evidence of the company's recovery from the worst of the deep recession in the world-wide hi-fi equipment market. The improvement appears to have resulted mainly from a further run-down in stocks; sales remained flat at Y85.6bn (Y85.9bn).

This year the group is forecasting a return to consolidated net profits of Y1.2bn and an increase in sales to Y95bn.

Advance by Toppan Printing

TOKYO — Toppan Printing, Japan's second largest printing group, has reported a rise in consolidated net income for the year to May 31 of 5.5 per cent to Y15.68bn ($64.8m) from Y14.86bn a year earlier.

Sales rose 9.6 per cent to Y576.08bn from Y525.75bn, while earnings per share rose to Y38.12 from Y36.13.

The company forecasts that consolidated net income for the current fiscal year will reach Y16.9bn, up 7.7 per cent, on sales of Y620bn, up 7.6 per cent.
AP-DJ

Downturn for Kirin Brewery

By Our Financial Staff

KIRIN BREWERY, which has 60 per cent of the Japanese beer market, suffered a dip in profitability in the six months to July 31. Parent company net profit declined to Y7.88bn ($32.5m) from Y9.31bn on sales up from Y569.52bn to Y576.13bn.

For the full year, the company is forecasting net profits of Y17bn against Y18.76bn on sales of Y1.065bn (Y1,042bn). The interim dividend is unchanged at Y3.75

Tokyo SE to ease listing standards

TOKYO — The Tokyo Stock Exchange will ease listing standards on its second section where shares in small and medium-sized companies are quoted from November 1.

The minimum shareholder capital will be reduced to Y1bn ($4.1m) from Y1.5bn. The minimum number of issued shares will be cut to 6m from 10m with the minimum number of shareholders to be reduced by the same ratio.
Reuter

Murray and Roberts lifts earnings and dividend

BY OUR JOHANNESBURG CORRESPONDENT

MURRAY AND ROBERTS, one of South Africa's largest civil engineering and contracting groups, has lifted operating profits to R104m ($94m) for the year to June, from R89.9m. The group's turnover increased to R2bn from R1.7bn.

Mr Bill Bramwell, the chief executive, said that about 56 per cent of the year's profit came from construction, engineering and foreign activities. Though construction and engineering were slow to pick up during South Africa's last economic pick-up, he says, persistence of profitable contracts has helped the divisions to increase profits despite the current economic downturn. He points out that construction and engineering generally tend to lag the economic cycle.

He expects current year earnings to be modestly above those of the year just ended. A dividend total of 66 cents has been declared from earnings of 201 cents a share. The year ended to June 1982 resulted in earnings of 204 cents a share and a total dividend of 60 cents.

- FRENCH BANK, the 56.2 per cent-owned South African subsidiary of Banque Indosuez, suffered from strong competition in the banking sector in the six months to June. First-half profit after provisions and transfers to inner reserves was R910,000 against R965,000 for the first half of last year and R2.55m for the year as a whole.

The board says that profits were hit because of the prolonged economic recession, fierce competition, and a hardening of interest rates. The directors warn that unless there is an early reversal of these adverse factors, this year's profit will be substantially lower

French Bank is disproportionately involved in financing South African agricultural exports, and these have declined with the country's worst drought for 50 years.

The interim dividend has been cut to 4.5 cents from 5 cents while first-half earnings slipped to 8.75 cents a share from 9.43 cents. For all 1982 earnings were 24.52 cents and the dividend total was 13 cents.

- BTR South Africa, the 62 per cent-owned subsidiary of the UK-based BTR group, has suffered badly from South Africa's recession. Sales in the first half of this year fell to R64.4m from R89.7m in the first half of last year and compare with R169.3m for all of 1982. Pre-tax profits fell to R6.4m from R9.9m. Pre-tax profits for all of 1982 amounted to R16.8m.

Elders ahead despite drought and recession

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DESPITE drought and recession, Elders-IXL, Australia's aggressive pastoral, food, finance, and resources group, saw a 5 per cent gain in net operating profits for the year to June 30 to A$64.3m (U.S.$57.2m), and has raised its final dividend.

A final payment of 12 cents per share, against 10 cents previously, has been declared, payable on November 18, for a total of 20 cents per share, against 17 cents last year.

Group turnover was 33 per cent ahead at A$3.7bn and earnings per share were two cents higher, at 39 cents per share. Net tangible assets were put at A$3.56 per share against A$2.38 previously.

The company is controlled by Carlton and United Breweries, (CUB), Australia's biggest brewer. Elders has considerable interest in pastoral trading, wood, food, building materials and finance, and is the biggest single shareholder in Bridge Oil.

Interest income at the finance group rose from A$94.6m to A$130.3m but the directors say that "despite the slowness of the recovery apparent in the Australian economy, the breaking of the drought and lower interest costs should allow Elders-IXL to improve its results further in 1983-84."

- The government owned Commonwealth Banking Corporation of Australia reported a 6.7 per cent increase in net profit for the year to June 30, to A$153m (US$136.2m).

Its trading bank subsidiary showed a 162 per cent improvement in net profit from last year's depressed levels to A$47.5m, thanks to greater demand for personal loans and a higher turnover on bank bill funding.

The bank said that despite "suppressed demand for corporate finance, coupled with volatile interest rates and general economic uncertainty," the group's net profit performance had been more than satisfactory.

Pegi plans acquisition to diversify into plantations

BY WONG SULONG IN KUALA LUMPUR

PEGI, the Malaysian investment group, which holds 26 per cent of Dunlop of the UK, is to diversify into plantations, with the proposed takeover of an estate group with 5,600 acres.

The group intends to acquire nearly 82 per cent of Swee Lam Estates from the Eu family for 37.45 ringgit (U.S.$16m). It will issue 18.72m new Pegi shares of one ringgit each, valued at 2 ringgit, compared to the current trading price of around 2.5 ringgit. A similar offer will be made to the plantation's minority shareholders.

Pegi expects pre-tax profits for Swee Lam Estates to be around 1.6m ringgit for 1983, and better profits next year from higher commodity prices.

After the acquisition, Pegi's paid-up capital would be 141m ringgit, and its net tangible asset per share would rise to 1.86 ringgit from 1.6 ringgit.

- Faber Merlin's unaudited group attributable profit was 8.93 ringgit (US$3.8m), up from 8.88m ringgit, on a turnover of 93.02m ringgit for the year ended June 30, Reuter reports from Kuala Lumpur.

The surplus includes an extraordinary profit of 945,000 ringgit compared with a loss of 200,000 ringgit previously.

Parent company attributable profit was 7.13m ringgit on turnover of 14.89m ringgit. The final dividend is 4.5 per cent gross, making a total of 8 per cent against 7 per cent

UK COMPANY NEWS

Dalgety up 15% to record £52.5m

ON TURNOVER ahead by 11 per cent to £2.84bn international merchant Dalgety pushed its pre-tax profits up to a record £52.5m for the year to end-June 1983, a 15 per cent improvement over the £45.7m reported for 1981-82.

After six months the group was showing a shortfall of £1.5m but this was more than made up in the second half when profits rose by £8.3m compared with the same period last year.

The full year results included a £3.4m exceptional surplus which arose from an insurance claim in respect of the destruction by fire of a frozen food plant in the U.S. The figure represented the excess of proceeds over book value.

The dividend for 1982-83 is maintained at 22p net by a same-again final of 11p—earnings emerged at 44.4p per £1 share, an increase of 18 per cent over the previous year's 37.7p.

In the UK profits again showed an advance. The grain processing activities performed well, in particular the animal feed division as the recent expenditure in the rationalisation programme took effect.

However, profits of the food businesses fell short of last year as more intense competition in the retail market in turn put severe pressure on manufacturers' margins.

In Canada both demand and the price of construction lumber improved substantially. As a result, the group's lumber business, which had expanded by the purchase of Peace Wood products at the low point of the cycle, made greatly improved profits in the final six months.

Dalgety's food processing and distribution activities in the U.S. remained "remarkably untouched" by the recession and profits were ahead of the previous year's record level.

In Australia and New Zealand, both drought and recession made trading conditions difficult. The machinery dealerships had a poor year, particularly in Australia.

In a statement accompanying the figures Mr David Donne, group chairman, says in all the circumstances the results can be considered "satisfactory."

Total trading profits for the year under review rose from £75.7m to £77.3m. Geographically, these were made up as to: UK £41.3m (£40.1m), Australia £5.5m (£8.2m), New Zealand £10.9m (£13.3m), U.S. £12.8m (£11.2m) and Canada £6.8m (£2.9m).

Apart from the exceptional surplus, pre-tax results were struck after adding a £1.9m (£3.5m) share of related companies profits and £1m (£0.7m debit) central income less expenses and deducting interest charges of £31.1m, compared with £32.8m.

Tax accounted for £16.1m (£14.7m). Below the line, minorities and extraordinary debits amounted to £4.4m (£3.1m) to leave available profits £4.1m ahead at £32m.

At the year-end, loan capital totalled £146.6m (£154.5m) and short-term borrowings £54.8m (£62.7m).

Mr Donne says that three recent investment and divestment transactions, coupled with sustained action to bring costs down, will strengthen the group in key areas.

He sums up: "The evidence of the success of our strategy, which is reflected in the steady increase in profits in the difficult 1980-83 period, allows us to be confident about the results for this year and beyond."

Since year-end Dalgety has announced three major transactions. In the UK it is to buy Rank Hovis McDougall's agricultural division: in New Zealand it plans to merge with Crown Consolidated: and in Australia it is to merge its rural businesses with similar businesses of Farmers Grazcos Co-operative and Bennetts Farmers.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Baillie Gifford		0.1	—	0.4	0.1	0.4
Bank of Scotland	int.	11.5	Nov 7	10.5	—	24
Barratt Devpts.		5.31	—	4.43*	7.41*	6.18*
Boase Massimi	int.	2	Nov 17	—	—	—
Cussins Property	int.	2.2	Nov 25	2	—	5.1
Dalgety		11	Jan 3	11	22	22
Dares Estates	int.	0.5	Nov 16	0.5	—	1.25
Industrial Finance‡		1.5	Nov 1	—	2.25	—
Juliana's	int.	3½	Nov 25	—	—	—
Kleinwort Benson	int.	4.5	—	3	—	11
Rosedimond Trust	int.	3.48	—	3.7	—	7.1
United Real Prop.		6.5	Nov 1	4.75	8	6
U.S. Debenture	int.	2.25	Nov 4	2.25	—	6.52

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Gross.

Kleinwort Benson warns of shortfall

RESULTS of Kleinwort Benson Lonsdale, banking and investment group, for the first half of 1983 were better than those for the corresponding period last year, the directors report.

However, they say current indications are that the full year's outcome is unlikely to match that for 1982, when profits after tax and transfer to inner reserves fell from £21.63m to £20.03m.

To reduce disparity with the final payment the net interim dividend is being raised from 3p to 4.5p. Last year's total distribution was 11p.

Barratt up to £52m and dividend raised by 20%

SECOND-HALF taxable profits of Barratt Developments rose from £24.93m last time to £31.46m giving the group a record £52.2m for the year to June 30 1983 against £40.2m previously.

Profits from building and development activities for the 12 months increased from £38.6m to £50.2m, while property investment income added £2m, compared with £1.6m.

The year's dividend is effectively being raised by 20 per cent from 6.175p to 7.41p net, with a final of 5.31p. Stated earnings per 10p share were 31.5p (adjusted 27.1p) pre-tax, or 20.3p (adjusted 21.7p) after tax.

The tax charge was up sharply from £8.1m to £18.6m leaving the net balance £1.5m higher at £33.6m. After dividends costing £13.2m (£9.1m), retained earnings were down from £23m to £20.4m.

Demand for the group's products has continued throughout the UK and the U.S. into the current year. Innovations in product design and marketing strategy will continue to be of great strength to the group in meeting the unsatisfied demand for home ownership, the directors state.

Progress in other aspects of the group's business is also most pleasing, they say, with contracting, property investment and leisure property all demonstrating satisfactory progress.

In California advance sales are at most encouraging levels and a steady increase in market share is anticipated, providing that U.S. interest rates do not move upwards.

The group is confident that it has the resources of land, cash and management, to meet the challenges and opportunities of 1984 and the future.

At the end of June, net assets per share showed an advance from an adjusted 118p to 136p.

The balance sheet value of the group's investment property portfolio increased by some £13m to £89.4m during the year. Of this increase, £0.8m is attributable to an internal revaluation of completed properties by subsidiary directors, while the balance represents investments in new projects.

Investment in the property sector is continuing. When developments currently under construction are complete and fully let the group will have a total annual rent roll of £6m.

Shareholders funds at the year end were up from £175.7m to £242.1m and net current assets increased to £216.2m (£152.9m).

In current cost terms, pre-tax profits were £43.4m (£37.2m) and net earnings per share 15p (19.7p).

See Lex

Sir Laurie Barratt, chairman of Barratt Development

U.S. Debenture improves to £4.4m halfway

IMPROVED PRE-TAX profits of £4.38m against £3.72m have been produced by U.S. Debenture Corporation for the six months to the end of July 1983. The net interim dividend has been held at 2.25p — in the last full year a final of 4.27p was also paid.

Earnings per 25p share were shown as rising from 3.49p to 4.09p.

Net asset value per share increased from 149p to 201p.

Since assuming responsibility for the company's portfolio last May, GT Management has increased the degree of international diversification and correspondingly reduced exposure to the U.K. market.

Dividends and interest on investments for the six months amounted to £5.11m (£3.8m) while interest on loans and deposits totalled £119,000 (£144,000). Subsidiary investment dealing losses came to £89,000 this time. Other income rose from £3,000 to £15,000.

Pre-tax profits were struck after interest payable had leapt from £51,000 to £306,000.

Boase Massimi at £0.6m midway

STOCK Exchange newcomer Boase Massimi Pollitt, advertising agency is set to comfortably exceed its full-year prospectus forecast of £1.35m, say the directors in their interim statement.

The company, which made its debut in May, achieved an 85.5 per cent increase in pre-tax profits from £325,000 to £603,000 during the six months to June 30 1983. Turnover for the period was up 22.4 per cent from £15.91m to £19.47m and operating profits moved ahead 53.6 per cent to £559,000 compared with £364,000.

An interim dividend of 2p per 25p share is being paid, at the time of the offer for sale by tender a dividend total of 4.5p was forecast for the year.

Since May the company has gained several new major accounts. The new clients include Carreras Rothman, Distillers, Sony, Allied Bakeries, and United Cable.

The directors say that while the main effect of the new business will not be seen until next year, it will have a favourable impact on the second half of the year.

Tax for the six months absorbed £332,000 (£197,000) giving net profits of £271,000 (£128,000) equal to 5.25p (2.69p) per share. The attributable balance emerged at £251,000 (£79,000)

● comment

New deals worth some £10m in billings for a full year have been clinched since Boase Massimi Pollitt came to the market in May. They include the whole of the Sony UK account which could amount to half the total. It is negotiating for some further half a dozen accounts at present. A quotation strengthens BMP's position when it decides it is time to diversify and/or expand overseas, but the company says it has plenty to do for the present in the UK. Pre-tax profits for the year should be around £1.5m even without the benefit of the new deals. The shares rose 10p yesterday to 365p where they sell on a prospective fully taxed p/e of over 26. BMP established a striking price of 315p in May with the shares oversubscribed 2.7 times.

Full year improvement at Industrial Finance

IN VIEW of the improvement in full year earnings the directors of Industrial Finance and Investment Corporation are recommending a final dividend of 1.5p, making a total of 2.25p, compared with the 2p forecast in last November's USM prospectus.

For the year to June 30, 1983 taxable profits improved from a pro-forma £254,918 to £359,354 with, as anticipated, the greater part of the group's profit being earned in the second half. Turnover was up at £1.2m against £0.81m. At the six months stage pre-tax profits were £121,940.

In the audited accounts for 1982, of this licensed deposit taker and licensed dealer in securities, pre-tax profits were given as £110,309 with turnover at £379,118.

A most satisfactory aspect of development during the year, say the directors, was the expansion of the business base of the group's activities. Hedgeglow Leasing is broadening its lessor client base and has achieved an excellent start to the current year.

City Financial Services is instructed in a wide range of development finance requirements, they say, including town centre and dockland redevelopment. It has developed a large order book of business of the current year, they add.

The directors say that new areas of business development are being examined, which may involve acquisitions in the finance and financial advisory fields.

Currently the group is trading at a higher level than at the same time last year and the directors look forward with optimism to the rest of the year.

Tax for the year under review took £18,689 (credit £35,638).

United Real Property well ahead at £3m

Pre-tax profits of United Real Property Trust rose sharply from £1.62m to £2.99m in the year to April 5 1983, following the slight improvement from £859,000 to £880,000 at midway.

The final dividend is being raised by 1.75p to 6.5p net for an increased total of 8p (6p) per 25p share.

Net rental and service income was up from £2.09m to £3.69m. Rents payable and other programme outgoings accounted for £1.18m (£1.26m); tax was almost doubled at £1.61m (£0.83m), leaving the attributable surplus at £1.36m compared with £0.77m.

The group properties have been valued as at April 5 1983, and amount to £92.62m. These values have been adopted in the financial statements and before deducting minority interests, give rise to a transfer of £67 82m to revaluation reserve.

Baillie Gifford earnings fall—cuts payout

Pre-tax net revenue of Baillie Gifford Japan Trust fell from £73,000 to £44,000 during the year to August 31, 1983, and the dividend is being cut by 0.3p to 0.1p.

Earnings fell, say the directors, because the assets were almost fully invested in common stocks and convertible bonds, while in the previous year substantial income was earned as the proceeds of the issue awaited investment.

Net asset value per 25p share is given as 192.8p against 85.2p and 184.4p (86.5p) diluted. Earnings per share fell from 0.4p to 0.1p after tax of £30,000 (£29,000).

Yearlings at 9⅞%

The interest rate for this week's issue of local authority bonds is 9⅞ per cent, down a quarter of a percentage point from last week and compares with 19⅜ per cent a year ago. The bonds are issued at par and are redeemable on September 26, 1984.

A full list of issues will be published in tomorrow's edition.

York Waterworks

Comment made last Thursday on today's York water issue should have made it clear that 14.06 per cent was the franked income yield at par. The conventional gross yield was 9.64 per cent as quoted.

Bank of Scotland expands

AN 18 per cent advance in mid-term operating profits was achieved by the Bank of Scotland, and the interim dividend is being raised by 1p to 11.5p net.

For the six months to August 31 1983 profits emerged at £27.4m compared with an adjusted £23.2m, after a higher provision for bad and doubtful debts of £13m against £9.9m.

The directors consider the results to be satisfactory, and say they reflect business growth allied to containment of costs in an economic climate which remains difficult.

In the preceding six month period to February 28 1983 operatting prfits were £27.1m, after bad debt provisions of £17.2m.

As a matter of accounting policy, income from regional developments grants has been grossed-up and figures for the comparable period have been adjusted by £1.1m, and by £1.2m for the second half of last year.

Pre-tax profits emerged at £27.5m against £23.1m after a £0.1m contribution from associated companies compared with a £0.1m deficit.

Net interest earnings of the Bank of Scotland itself were higher than in the corresponding period, and even after an increased charge for bad debt provisions there was a useful improvement. With commissions increasingly marginally more than expenses the final outcome was £3.6m higher at £18.9m, and compared with the £18.5m earned in preceding six months the results show modest growth, say the directors.

The group's finance house, North West Securities, increased its contribution by £1.5m to £6.7m, and by £0.7m over the second half of last year. This was achieved in spite of competitive pressure on margins and a continuing incidence of bad debts. The satisfactory result was due to growth in turnover and efficient control of the business, they say.

Profits from the merchant bank, The British Linen Bank, fell by 0.7m to £1.9m reflecting narrower interest margins. However activity remains at a high level and it is well placed to exploit opportunities in the future, the directors say.

Earnings per share for the period were shown as rising from 55.9p to 71.3p—tax amounted to £3.7m (£4.6m) and minorities to £0.2m (same). After dividend payments of £3.8m (£3.5m), and an extraordinary credit last time of £0.1m, the retained surplus improved from £14.9m to £19.8m.

● comment

The Bank of Scotland recorded a 20 per cent increase in sterling lending over the first half of last year, thanks to a surge in demand for mortgages and other domestic loans. But retail deposits grew by less than 10 per cent, leaving a gap which had to be funded by resorting to more expensive wholesale money. Meanwhile, industrial lending has been distinctly patchy and the growth in domestic advances has tailed off in the current half, indicating that the recession in Scotland is far from lifting. However, a moderate 6 per cent increase in the clearing bank's expenses and an improvement in commission income allowed the parent company to increase its profits by 23 per cent. North West Securities also turned in a buoyant performance, chiefly thanks to the better volumes which resulted from last July's relaxation of instalment credit controls. Lower interest margins contributed to a £0.7m profits decline at the merchant bank, British Linen Bank. Deposit and lending growth is expected to be flat for the rest of the year, but fee income should continue to advance strongly. The group looks on track for an increase in pre-tax profits to around £55m against £46.4m for the year. On yesterday's share price of 510p, up 12p, that puts the bank on a prospective fully-taxed p/e of 6.2.

Acorn USM launch heads for £100m price tag

BY DOMINIC LAWSON

Acorn Computer, supplier of the BBC microcomputer, will announce its intention later this week to apply for a quote on the Unlisted Securities Market. The prospectus will probably be published next week, and it is possible that Acorn could be given a market price tag of £100m.

Acorn is one of Britain's fastest growing companies. In the last four years turnover has mushroomed from £31,000 to £8.3m, and for the year to June 30 1983 the figure is thought to be about £42m.

Acorn has concentrated on selling computers for use in schools, and it has just started a $3m advertising campaign in the U.S., in an effort to break into the U.S. education market.

Acorn's advisers, Lazard Brothers and Cazenove, have not yet decided on the share price in the forthcoming offer for sale of about 10 per cent of the equity.

Less than a month ago Acorn launched its new home microcomputer the Electron, with a £100,000 national press campaign. The Electron is a cheaper simpler version of the BBC machine. W. H. Smith & Son will sell the Electron, which retails at £199, in more than 100 branches

LIT net assets rise above £16m

Shareholders of the London Investment Trust were told by Mr John Arthur, the chairman, at the annual meeting that recent acquisition of British Industries and General Investment Trust had increased net assets from £5m to over £16m.

He added that the entire portfolio of Bigit had been realised and that the group now had the resources to expand into other areas.

Mr Arthur told the meeting that following the success of the Shatkin Trading Company on the world's largest futures exchange in Chicago, the company was also considering clearing in New York.

UK COMPANY NEWS

H. Samuel first half loss cut to £0.89m

NET TRADING losses of multiple reteail jeweller, H. Samuel, were cut from £1.69m to £0.89m in the six months to July 30, 1983. Turnover, including VAT, rose slightly from £30.61m to £31.99m.

Since the end of July the improvement has been more than maintained, say the directors, and they are optimistic about the second six months—which makes the major contribution to annual results.

Asu usual, an interim dividend will be declared in January. In 1982-83 payments were maintained, with an interim of 1.5p net followed by a 4.75p final. Pre-tax profits for the year dropped from £5.34m to £3.26m.

No tax is again payable for the first six months. This time however, there was an extraordinary credit of £267,000, against a £48,000 debit before.

Mr Anthony S. Edgar is to replace Mr Ronald Collingwood as chairman. Mr Collingwood retires as chairman on September 30, but is remaining on the board as a non-executive director.

PCT placing 1m shares next week on USM

BY DOMINIC LAWSON

THE EARLY autumn rush to the stock market has been joined by the Glasgow-based PCT Group. The company, which develops and sells power tools, lifting and welding equipment, is to make its debut on the Unlisted Securities Market next Monday.

A total of 1m shares are being placed by Phillips & Drew at 150p each. At that price the whole company is capitalised at £6.66m.

The directors of PCT forecast pre-tax profits for the year ending December 31 1983 of not less than £925,000, putting the shares on a prospective fully-taxed multiple of 14.17.

On an annualised basis, profits before tax between 1979 and 1982 have grown at an average compound rate of 40 per cent. Unaudited figures for the half year to June 1 1983 show pre-tax profits of £516,000 on turnover of over £4m.

PCT's customers include contractors for the major oil companies (with offshore energy accounting for over 60 per cent of turnover) and the defence engineering and shipbuilding industries.

The company is seeking to expand the industrial and geographical areas served, particularly to high technology industries in Southern England. In this connection, acquisitions are being considered.

Of the 1m shares being placed, two-thirds are being sold by existing shareholders, and one third consists of new shares to raise £370,000 after expenses.

After the issue, the chairman, Mr William Wilson, and the managing director, Mr Paul Agnew will each hold 28.7 per cent of the equity.

On the basis of a full year's dividend, the prospective yield at the placing price would be 4.57 per cent.

● comment

The appearance of steadily rising profits is achieved in PCT's prospectus by the expedient of describing a bumper period a few years back as exceptional "because of a surge of North Sea-related contracts." Clearly it was the surge that was exceptional rather than the source of the profits since even now about 60 per cent of turnover is related to offshore energy. This ratio is likely to fall as the North Sea oil industry winds down, and PCT is thinking of diversifying from its northern redoubts into the South of England. Currently own-manufactured goods account for less than 15 per cent of turnover. Even so stocks amount to around £2m—about one-third of the company's market value—but PCT points out that hitherto it has experienced no significant stock write-downs. The placing price does not seem too demanding, although the really shrewd investor was Melville Street Investments, which took a 12 per cent stake nine months ago at an equivalent share price of under 95p.

Peerless set for further improvement

In his annual statement accompanying the report and accounts for the year ended March 31, 1983 Mr William Jordan, chairman of Peerless, tells shareholders that overall, the group will show an improvement in its performance in the current year.

He also discloses that the Peerless Foam Moulding Company, which last year lost £239,000, was breaking even and that a previous loss-making domestic engineering company (Engineering Concessionaires) was now profitable.

The chairman repeats an earlier warning that the future of Peerless Home Centres is "under consideration" by the board.

During the past year Headway, part of the domestic engineering division, made "tremendous growth" and for 1983-84 the directors are looking for continued growth.

As reported on August 23, the group returned pre-tax profits of £1.51m (£1.47m) for the 12 months to end-March 1983 after taking account of more-than-doubled interest charges of £667,919, compared with £321,472.

The group's balance sheet at year-end shows bank overdrafts (secured) rose to £7.06m (£3.9m). Shareholders' funds totalled £15.28m (£14.8m). There was a decrease in net liquid funds of £2.82m (£1.19m). Meeting will be held at Sutton Coldfield on October 14 at noon.

Oyez recovery at interim stage

FOR THE first half of 1983 Solicitors' Law Stationery Society turned round from a £114,000 loss to a profit of £230,000. In addition the directors say they expect this better trend to continue during the second half.

Turnover at midway fell from £11.29m to £10.17m, as a result of the sale of the group's conference company and other rationalisation.

No provision for tax has been made due to the availability of tax losses brought forward. Earnings per 20p share are stated at 2p (1p loss) but the interim dividend has again been passed.

The directors report that both the legal services and printing sectors of the group traded profitably in the opening six months.

As part of the company's policy of enabling solicitors to make use of the most modern techniques, it introduced during April the first range of computer systems designed to extend practical uses of word processing techniques.

So far, three systems have been launched covering probate, undefended divorce and residential conveyancing. Systems for debt collection and personal injuries litigation will be introduced later this year and further systems in 1984.

The directors forecast profits of around £500,000 for the full year but say the continuing group deficit on reserves almost certainly precludes any return to the dividend list over the current trading period. They say they hope to pay a dividend once more during the next year.

Mr John Swanborough, managing director, said yesterday that the recovery in half-year results reflected both the "very substantial" reduction in the work force and sizeable investment in new computer-based technology.

Since July 1980 the workforce had been cut from 1,400 to 800 with a large part falling in the printing division over the past year.

New investment over the past two years was estimated to have totalled £1.2m with £750,000 on new technology for the printing operations.

No major further rationalisation moves were now envisaged, he said. The aim was to concentrate on the remaining two divisions, Printing and Legal Services, and regain the sort of market share that gave the group its £1m plus profits in the early 1970s.

● comment

After reducing its losses at the year end, Solicitors' Law has now turned out its best interim results for more than three years and seems set on a steady recovery curve. The swing into profit reflects the reduced costs resulting from £750,000 invested in new printing technology and a reduction in the workforce over two years by around 40 per cent to 800. Performance is also considerably improved by the elimination of the conference subsidiary's losses, which ran to £115,000 in the last full year. Meanwhile, volumes and market share have increased on the stationery side following last year's price reductions—a gamble which seems to have paid off. Now that the major restructuring is over, the group will concentrate more on office automation, which now accounts for 15 per cent of turnover. It is spending £200,000 this year on developing software for packages which automate routine legal jobs like conveyancing. At the same time, Solicitors' Law aims to retain its traditional emphasis on stationery and printing, which account for 45 per cent and 30 per cent of turnover respectively. The directors say they are on track at least to repeat the interim profits in the current half, but a £567,000 deficit on reserves means a return to dividends for the first time since 1979 looks unlikely until next year. The shares, in an extremely restricted market, were down 1p at 39p, capitalising the group at £4.5m.

Dares jumps £0.3m and expects further progress

ALONG WITH the announcement of a sharp rise in first-half profits the directors of Dares Estates say that with trading activities in the UK "satisfactory" they are confident that overall, figures for the full year will comfortably exceed those of 1982.

At the pre-tax level profits for the opening half, to June 30 1983, rose from £105,000 to £410,000, including realised surpluses of £436,000, compared with £40,000 previously. The interim dividend is held at 0.5p per 10p share.

Turnover for the period more than quadrupled to £4m (£970,000)—the group's interests are in property development and housebuilding. It also has "substantial" interests in Southern California.

The increase in turnover was due to the growth of business of Dare Developments (UK) and the first full period of Dares Garages, which was acquired towards the end of 1982.

The directors say the planned disposal of investments proved successful and funds realised, and to be realised, will amount to some £4.2m. They point out that this accounted for a major part of the reported first half surplus and add that it will make a further substantial contribution in the second six months.

Although trading profits are continuing to be adversely affected by the carrying costs of the San Diego development, the directors comment that progress has been made in that 29 per cent of the office building (Pacific Professional Centre) has been let.

Tax for the first six months took £185,000 (£61,000) after which earnings emerged at 0.78p (0.17p) per share.

For the 1982 year the group returned pre-tax profits of £766,175 and paid a final dividend of 0.75p.

Streeters' Saudi Arabian problems still unresolved

The financial statements of Streeters of Godalming for the year to the end of December 1982 have been prepared on the basis that the group's bankers will continue to provide financial support during the period of unresolved matters in Saudi Arabia.

The auditors repeat their previous year's statement that they are unable to form an opinion as to the value of benefit from an arbitration award, for which a hearing was started in March 1981, or promissory notes of the extent of any liability under guarantees and indemnities.

The company has previously stated that no liabilities are expected to accrue from the arbitration.

As already known pre-tax losses of this public works and civil engineering contractor amounted to £387,000 (profits £215,000) for 1982. However, the directors now point out that the company returned to profits in the first six months of 1983.

The accounts show that there is a loan still outstanding worth about £775,000, with interest estimated at the end of 1982 at about £403,000 which was made to Streeters Saudi Arabia. Any claims arising from the company's guarantee of the loan have been guaranteed by two *principal* Saudi Arabian shareholders.

Trading losses of about £950,000 have been carried forward in the holding company and certain subsidiaries, which are available for set-off against future profits. Stock relief also claimable but not used totals £320,000 (£255,000).

Capital losses of £545,000 have been carried forward in the holding company, and £300,000 in a subsidiary.

Net current liabilities amounted to £361,000 (assets £158,000). Current liabilities of £2.87m (£2.23m) included creditors of £2.33m (£1.85m). Shareholders' funds fell from £2.59m to £2.2m. Fixed assets amounted to £2.48m compared with £2.6m. There was a decrease in working capital of £508,000 (£425,000).

Meeting: Godalming, Surrey, on October 11 at noon.

J. & H. B. JACKSON

The offer by J. and H. B. Jackson for the preference shares of Brett's Stamping Company has been accepted in respect of 19,148 shares (95.7 per cent).

The offer is now unconditional and will remain open for acceptance until further notice.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: AI Industrial Products, B.A.T. Industries, Berkeley Exploration and Production, Harrison Cowley, Jove Investment Trust, Laporte Industries, Hugh Mackay, P. and W. MacLellan, Owen Owen, RMC, Rio Tinto-Zinc.

Finals: Armstrong Equipment, Bristol Channel Ship Repairers, Ferry Pickering, Kalmazoo, Shealbank Property Trust.

FUTURE DATES

Interims—	
Bronx Engineering	Oct 6
Caparo Industries	Sept 22
Clifford's Dairies	Oct 4
Currys	Oct 3
Downiebrae	Oct 7
Dunlop	Sept 22
Estates and General Invests.	Sept 27
Finlay (James)	Sept 29
I.D.C	Sept 27
More O'Ferrall	Oct 18
Neill (James)	Sept 28
Northern Goldsmiths	Sept 23
Suter	Sept 29
TR Pacific Basin Inv. Trust	Oct 3
Tilbury	Sept 28
Wood (S. W.)	Sept 23
Finals—	
Galliford	Sept 26
Kwik Save Discount	Nov 17
Parker-Knoll	Sept 26

MINORCO

Minerals and Resources Corporation Limited
(Incorporated in Bermuda)

RESULTS FOR THE YEAR ENDED JUNE 30, 1983

Highlights:

★ The economic recession continued to impact adversely on some of Minorco's principal investments, notably Consolidated Gold Fields PLC and Inspiration Resources Corporation, although significantly improved results were reported by Phibro-Salomon Inc
★ Earnings from operations increased by 11%
★ *Earnings before extraordinary items fell by 22%*
★ Unchanged dividend of 22 US cents per share
★ Conversion of US$60 million 9¼% convertible bonds 1997 into over 7 million ordinary shares
★ Reorganisation of the US operations formerly owned jointly by Minorco and Hudson Bay Mining and Smelting Co., Limited and the Canadian interests of Hudson Bay into a US publicly traded company, Inspiration Resources Corporation
★ Subsequent to the year-end:
—Minorco realised US$207 million from the sale of 6 million shares, representing approximately 5%, of Phibro-Salomon Inc
—Minorco subscribed US$111 million to Inspiration Resources Corporation concurrently with a public financing by that company thereby maintaining its equity and voting interest.

	Consolidated—audited US$ thousands except where stated	1983	1982
For the year:	Earnings from operations	51,783	46,667
	Share of undistributed earnings of investments accounted for by the equity method	55,019	89,962
	Minority interest in earnings of subsidiary companies	(1,238)	(1,314)
	Earnings before extraordinary items	105,564	135,315
	Extraordinary items	(32,655)	(7,111)
	Net earnings	72,909	128,204
	Earnings per share (weighted average):		
	From operations	$0.32	$0.29
	Before extraordinary items	0.64	0.84
	Net earnings	0.45	0.80
	Dividends per share	0.22	0.22
At year-end:	Shareholders' equity	1,730,334	1,637,050
	Excess of market value of quoted investments over carrying value (1983: shortfall)	946,116	(318,288)
	Net asset value	2,676,450	1,318,762
	Net asset value per share	$15.72	$8.09
	Number of shares in issue	170,281,146	162,928,346
	Long-term borrowings	*50,000*	*110,000*

Final Dividend No. 93: The board has declared a final dividend of 16 US cents a share which, together with the interim dividend of 6 US cents a share, makes a total for the year of 22 US cents a share. The final dividend is payable to shareholders registered in the books of Minorco at the close of business on October 14, 1983 and to persons presenting coupon no. 96 detached from share warrants to bearer. A notice regarding payment of dividends on coupon no. 96 detached from share warrants to bearer will be published in the press by the United Kingdom transfer agents on September 28, 1983. Shareholders resident in the United Kingdom who do not elect, by notifying the United Kingdom transfer agents by the close of business on October 28, 1983 to receive their dividends in US dollars, and South African residents, will receive their dividend in local currency equivalent converted at the rate applicable on October 28, 1983, less appropriate taxes. Dividend warrants will be posted from Bermuda and from the United Kingdom and South African transfer agents on November 7, 1983. The dividend is payable subject to conditions which can be inspected at the head office of Minorco or at the United Kingdom and South African offices of the local transfer agents.

Transfer agents: Charter Consolidated P.L.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ — Consolidated Share Registrars Limited, P.O. Box 61051, Marshalltown 2107, 40 Commissioner Street, Johannesburg 2001, South Africa

Annual report: *The annual report will be posted to shareholders on or about October 11, 1983.*

Pembroke, Bermuda
September 20, 1983

BIDS AND DEALS

Comben Group acquires William Whittingham

Comben Group, estate property developer, has taken over the West Midlands building company, **William Whittingham (Holdings)**. In turn Whittingham has sold its Colortrend photo-processing division, to the Dixons Group retail chain.

The acquisition gives Comben a major presence in the West Midlands building industry with Whittingham engaged in 15 sites in the area and is involved in the building of nearly 500 homes this year.

Comben, which is due to construct around 1,600 houses this year, has seven regional offices throughout the UK and is active in France, Portugal and the United States. The company is 47 per cent owned by Carlton Industries, a subsidiary of Hawker Siddeley.

Mr Gerard Smart, Comben's finance director, said there would be some integration between the two companies but no redundancies were expected among the 250 people employed by Whittingham.

"An important factor is that Whittingham has a commercial division dealing with industrial and retail property which will provide a basis for growth in an area where Comben is not active," he said, and added that "*the West Midlands was important* since his company was scantily represented there."

M & S plant supplier in merger move with Sampang

BY CHARLES BATCHELOR

The New Ruaton Garden Company, a major supplier of house plants to Marks & Spencer, is to reverse into Sampang (Java) Rubber Plantations, a USM-*quoted group which has recently* expanded from rubber and coconut growing into house plants.

Formally Sampang is making an all-share offer for Ruaton but Ruaton shareholders will ultimately hold 38 per cent of the enlarged group. Mr Jeremy Pertwee, vice-chairman of Ruaton, will become chairman, and Ruaton will be the major contributor of profits in the early years of the group's operation.

Under the deal announced yesterday Sampang will make a three-for-one rights issue of *shares to raise £1.67m net of ex*penses and will change its name to Applied Botanics.

Sampagn moved into the house plant market in 1981 when it began cultivating a cane-type shrub in Malaysia and made contact with Ruaton while look*ing for a UK outlet for its plants.*

Ruaton has feeder nurseries in Montserrat and St Lucia in the West Indies supplying plants to production and distribution nurseries at Clacton-on-Sea in the UK. The rapid growth of the market and the time taken to cultivate enough plants meant Ruaton was forced to buy in plants, increasing its costs and *pushing* it into the red in 1981 and 1982.

Ruaton made a further pre-tax loss of £271,000 in the six months ended March 31 1983 on turnover of £2.22m but the enlarged group is forecasting an annualised pro forma net profit of £400,000. *Turnover in the year ending* March 31 is forecast at £4.5m.

The profit is expected to comprise a £200,000 profit from Ruaton, a break-even result from Sampang in the year ending December 31 1983 and £200,000 of projected interest savings over *12 months on the estimated net* proceeds of the rights issue of £1.67m.

Sampang, which currently has 7.3m ordinary 2½p shares outstanding, will issue a further 12.7m ordinary shares and 5.1m 25 per cent convertible cumulative redeemable preference shares of 2½p.

The convertible shares will convert on a one-for-one basis between 1984 and 1995 and will not be quoted. On the basis of the 21p price at which Sampang's shares were suspended last month the ordinary share offer is worth £2.67m.

Sampang also proposes to make a rights issue of 21.9m 2½p shares at 8½p in the ratio of three new shares for each one already held.

Rightwise, the plantation holding group, which currently owns 66 per cent of Sampang, will see its holding reduced to 30.7 per cent before conversion of the new preference shares.

Sampang's plantations are expected to make an increasing contribution to the group result as immature areas of the Indonesian estates are brought to maturity. The enlarged group *proposes* paying *no ordinary* dividend in 1983 and 1984 to allow cash resources to be devoted to growth.

The UK house plants market has grown from £15m in 1970 to £100m in 1982 with sales of £150m projected for 1985. Multiple stores, notably Marks and Spencer, now account for 48 per cent.

The companies are being advised by Noble Grossart, the merchant bank.

Ward and Goldstone appoints MD

Ward and Goldstone, the wire and electrical accessories company, has appointed Mr John Williams to the vacant post of managing director it was announced yesterday.

The position of managing director has been vacant since August when Mr Michael Goldstone was dismissed for refusing to implement the board's decision to close the company's ailing cables division. Last week Mr Goldstone was also removed as a director by the shareholders at the company's annual general meeting.

Mr Williams has been with Ward and Goldstone for 26 years and was most recently the director responsible for the electrical accessories division.

The company also announced that Mr Kenneth Hooper, the company secretary, and Mr David Beal, the group financial controller, have been appointed *directors*.

Ward and Goldstone shares closed unchanged yesterday at 80p.

Aitken Hume expansion in U.S. with £20m bid

BY ALISON HOGAN

Aitken Hume is going to offer $30m (£19.9m) for U.S.-quoted investment management company, **National Securities and Research Corporation** of New York, which has $2bn (£1.33bn) of funds under management.

The proposed deal has the approval of both boards subject to the fulfilment of certain conditions and the approval of the necessary regulatory authorities.

Aitken Hume will offer $27 a share for the 1.2m shares in issue and all existin gshareholders will receive a special *dividend* of $1 per share. Aitken already holds a 4.9 per cent stake.

National Securities manages a number of mutual funds, corporate benefit and endowment funds. Its own assets as at June 30 were $12.35m, mainly in cash and marketable securities, before the proposed special dividend payment. In the year to December 1982 it had net income of $4.53m and net revenue of $8.96m. Shareholders' funds amount to $9.22m.

Mr Timothy Aitken, director of Aitken Hume, says: "We have been negotiating for about four months advised by Morgan *Guaranty. National* Securities will provide us with a satisfactory base of operation in the U.S. We have found a company which is at a turning point."

Mr Aitken says that Aitken Hume is "very liquid" at present and will be assisted in the financing by its Middle East shareholders, including members of the Saudi royal family.

The U.S. move comes only days after Aitken Hume bought a stake in a Canadian company, HCI, and consolidates its move into North America.

Johnson Cleaners U.S. deal

Johnson Group Cleaners, the dry cleaning group, has acquired the U.S. based **Capitol Varsity Cleaners** through its American subsidiary, Johnson Group Inc, for $3.2m (£2.1m) cash.

Capitol Varsity Cleaners is engaged in retail dry cleaning and textile rental operating 20 shops in Ohio. For the year ended December 1982 the company made pre-tax profits of $361,000 (£260,000). The net book value of the acquired assets was $2m (£1.3m).

Asia Oil expects early quote

Dealings in the shares of Asia **Oil and Minerals** (AOM), the Australian mining company *which is acquiring* Reynolds Diversified, the controversial oil an l gold exploration group, are expected to resume on the Sydney Stock Exchange in the first week of October.

The offer from AOM, which is acquiring Reynolds by means of a bid for Pennant Pacific Resources (PPR), which made an earlier bid for Reynolds, will close next Friday.

Reynolds announced earlier this month that AOM had received acceptances from the *holders of 52.4 per cent of the* PPR equity. Further acceptances have since been received, Mr Stuart Brown, Reynolds' treasurer, said yesterday.

Formal permission from the Sydney Stock Exchange for the relisting of the AOM shares has still to be given.

AOM's shareholders approved increases in the company's capital and in the size of the board at an *extraordinary meeting* on September 12. A final decision on who will join the board has still to be taken, Mr Brown said.

Reynolds still has 335 U.S. shareholders owning about 3 per cent of the equity who could not be included in the AOM and PPR bids. A cash offer is to be made to these shareholders, Mr Brown said.

The two-tier bid for Reynolds was aimed at regaining a quotation for its assets on a recognised stock market. It was suspended from trading under Rule 163(4) on the London Stock Exchange 18 months ago when it was discovered it was not traded on any overseas exchange. A number of licensed *dealers have since made* a market.

PERGAMON PRESS

The recent acquisition by Mr Robert Maxwell's **Pergamon Press** of 310,000 shares in **John Waddington** was accomplished through an exchange of 845,000 shares in the British Printing and Communications Corporation which is also controlled by Mr Maxwell.

This deal, which increased Mr Maxwell's stake in the Leeds-based games and packaging group from 14.9 per cent to 19.9 per cent, also decreased the stake of his privately owned Pergamon Press in BPCC from 78 per cent to 77.3 per cent.

LOVAT FUND

The **Lovat Enterprise Fund** has invested £600,000 in **Brekkes** for a minority equity participation in the company.

Brekkes is an independent UK manufacturer of convenience fish products.

ANGLO-AFRICAN

The offer by **W and A Investment Corporation** for **Anglo-African Finance** has been accepted as to 92 per cent, including the 30.1 per cent held by the Textiles Investment Company.

The Stock Exchange listing of *Anglo-African is being retained* and in this connection Capel-Cure Myers, brokers to W and A, are arranging to place 17 per cent of the capital of Anglo-African with their clients.

REED STENHOUSE

An association has been formed between Central Beheer of Holland and **Reed Stenhouse** which will be called **C. B. Reed Stenhouse BV**, based in Amsterdam.

This association means that through the extensive network of Reed Stenhouse, Central Beheer is now in a position to offer an international service to its Dutch clients who have financial interests abroad.

SHARE STAKES

Radiant Metal Fnish Holdings —As at September 16, 1983, Selective Investments was interested in a total of 87,500 ordinary shares (6.43 per cent).

Parkdale Holdings—Mr P. G. Litflehales, a director, has bought 59,000 ordinary shares.

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	R. Raphael & Sons	9½%
Barclays Bank	9½%	P. S. Refson & Co.	9½%
Beneficial Trust Ltd.	10½%	Roxburghe Guarantee	10 %
Bremar Holdings Ltd.	9½%	Royal Trust Co. Canada	9½%
Brit. Bank of Mid. East	9½%	Standard Chartered ‖	9½%
■ Brown Shipley	10 %	Trade Dev. Bank	9½%
CL Bank Nederland	9½%	TCB	9½%
Canada Perm't Trust	10½%	Trustee Savings Bank	9½%
Castle Court Trust Ltd.	10 %	United Bank of Kuwait	9½%
Cayzer Ltd.	9½%	United Mizrahi Bank	9½%
Cedar Holdings	10 %	Volkskas Intnl. Ltd.	9½%
■ Charterhouse Japhet	9½%	Westpac Banking Corp.	9½%
Choulartons	10½%	Whiteaway Laidlaw	10 %
Citibank Savings ¶	10½%	Williams & Glyn's	9½%
Clydesdale Bank	9½%	Wintrust Secs. Ltd.	9½%
C. E. Coates	10 %	Yorkshire Bank	9½%
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—9.15%. Effective annual rate—9.54%.

COMPANY NOTICES

MAKITA ELECTRIC WORKS, LTD.
(CDRs)

The undersigned announces that as from 26th September, 1983 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 29 (accompanied by an "Affidavit") of the CDRs Makita Electric Works, Ltd., will be payable with DFls. 5.43 net per CDR repr. 50 shs and with DFls. 108.60 net per CDR, repr. 1,000 shs. (div. per rec-date 20.2.1983 gross Yen 10.5 p.sh.' after deduction of 15% Japanese tax = Yen 78.75 = DFls. 0.96 per CDR repr. 50 shs., Yen 1,575 = DFls. 19.20 per CDR repr. 1,000 shs. Without an "Affidavit" 20% Japanese tax = Yen 105 = DFls. 1.28 per CDR repr. 50 shs., Yen 2,100 = DFls. 25.60 per CDR repr. 1,000 shs. will be deducted

After 10.10.1983 the div. will only be paid under deduction of 20% Jap. tax with DFls. 5.11 per CDR repr. 50 shs. and with DFls. 102.20 net per CDR repr. 1,000 shs. in accordance with the Japanese tax regulations.

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Amsterdam,
12th September, 1983.

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21st September 1983.

HENRY DENNY & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Preference Shares of this Company will be closed from 15th September to 30th September 1983, both dates inclusive.

T. L. BALDWIN
Secretary

203 Central Markets,
Smithfield, London, E.C.1.

THE TOR INVESTMENT TRUST, PLC

NOTICE IS HEREBY GIVEN that the REGISTERS of the Income Shares and Capital Shares will be CLOSED from 7th to 19th October 1983 inclusive.

By Order of the Board,
J. TODD,
Secretary.

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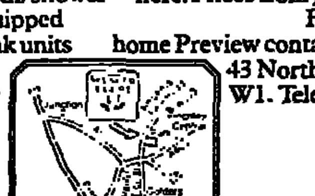

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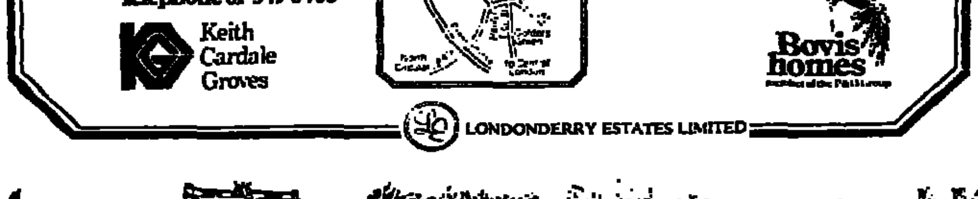

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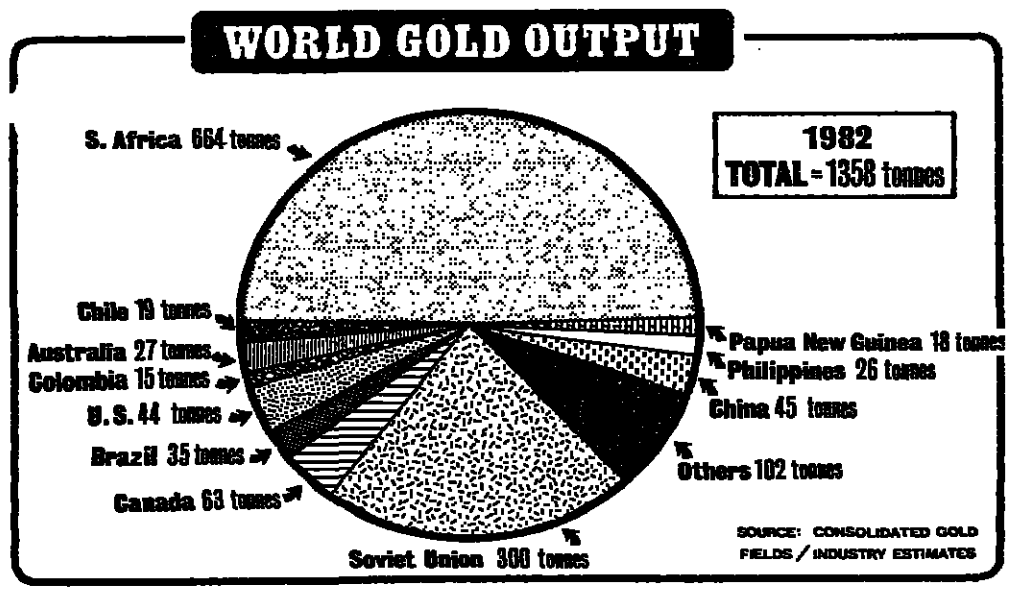
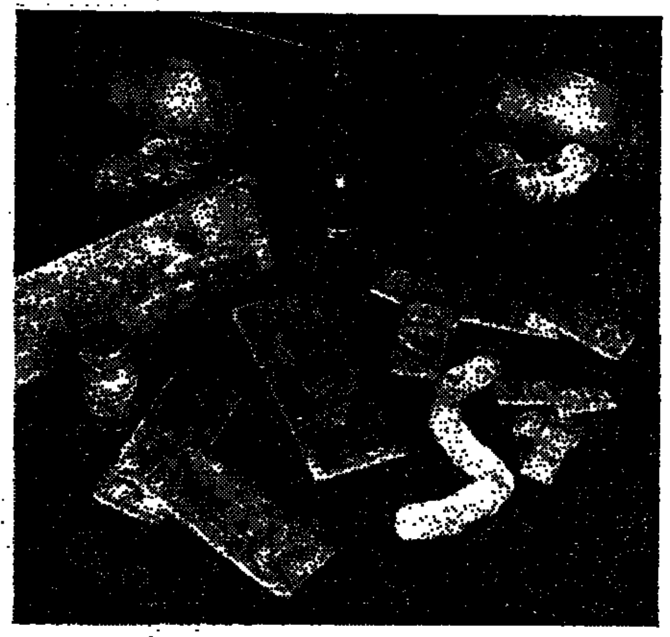
FINANCIAL TIMES SURVEY

Wednesday September 21 1983

GOLD



The price of gold remains extremely volatile. It is subject to so many influences, such as how the dollar behaves and political and economic developments throughout the world. Nevertheless, no real successor to gold as an ultimate currency has been found. It stays closely linked with the international monetary system and is still popular as a "hedge" against inflation



Bullion in some of its traditional forms

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Price switchback weakens role

By JOHN EDWARDS, Commodities Editor

GOLD'S ROLE as a safe "store of wealth" and the ultimate currency has received a severe buffeting in recent years. Even in a comparatively quiet period in 1982 the gold price fluctuated from a low of $298 a troy ounce to a high of $486 and in the first half of this year it has moved from a peak of $508 to a low of around $400, including a dramatic collapse in February when the market dropped by nearly $100 in the space of a week.

These violent fluctuations date back to 1968 when attempts to maintain an official gold price were finally abandoned and free market forces allowed to rule. The result has been chaos, which has had serious repercussions elsewhere particularly in the foreign exchange markets.

The role of gold as the ultimate currency, against which other currencies were compared, was vital when its price was relatively static and controlled. But now that gold itself fluctuates wildly in value, almost on a day-to-day basis, its usefulness as the final arbiter of wealth has been seriously undermined. Ironically the free market has in a way achieved the demonisation of gold.

Nevertheless no one has yet found a real successor to gold, so it remains closely linked with the international monetary system and is still considered by many investors, both large and small, as a "hedge" against inflation and currency uncertainties that can quickly devalue paper money funds.

Gold still has an intrinsic basic value, founded on the rising cost of extracting new supplies from deep below the earth's surface. It is one of the easiest ways to transport accumulated wealth, either in coins or ingots, and is an international currency that can be bought and sold anywhere in the world.

It remains true to say that if gold didn't exist, then it would have to be invented. Since a substitute has yet to be invented, gold remains an essential part of an investment portfolio even though the value of the underlying asset nowadays is subject to wild fluctuations in the short term at least.

Predicting the price of gold accurately in the short term is an almost impossible task. Present forecasts range between $250 to $2,000 an ounce within the next few years. There are so many factors influencing the price of gold that the list of imponderables is enormous.

Inflation, interest rates, oil prices, value of the dollar, monetary and political developments, possible banking crises, the performance of other investments—all these help to influence the price of gold directly or indirectly.

Add to this the basic supply/demand situation for gold itself, including even the state of the Soviet grain harvest, and it can be seen why the gold market is so volatile and uncertain.

Eight-year high

According to the Bank for International Settlements (BIS) world gold production, excluding the Communist bloc countries, rose last year by 44 tonnes to 1,010 tonnes—the highest level for eight years. Output in the Soviet Union is estimated by industry sources at around 300 tonnes a year and in China about 50 tonnes, giving a grand total world output of some 1,360 tonnes.

BIS says gold sales by Communist countries declined to 200 tonnes last year, against 300 in 1981, but this fall in supplies was partly offset by sales of over 100 tonnes from official gold reserves, mainly by Latin American countries facing severe debt problems.

South African production rose last year, after 11 years of decline, and could well increase marginally again this year in spite of the price decline. Australian and Canadian output is also likely to continue increasing.

Sales by the Soviet Union remain an unknown quantity, but the fall in the price of oil—one of its main sources of foreign currency earnings—may well mean an increase in the sale of other exports, including precious metals, although a better harvest would reduce the size of grain imports.

The flow of secondary supplies, unleashed by the 1980 price boom when gold touched $850 briefly, is ebbing away with the decline in prices. Distress sales by countries, faced with horrendous debt problems, are also likely to fall this year as arrangements are made to avoid a banking crisis developing.

At the same time the U.S. is strongly opposing the sale of further gold supplies by the International Monetary Fund, partly on the basis that any large-scale sales would undermine the market and bring a greatly reduced return.

On the demand side jewellery consumotion is not showing the same kind of strength that it was in the first half of last year, when low prices stimulated heavy buying interest. But it is improving on the very slack jewellery demand in the second half of 1982.

However a question mark hangs over the all-important investor, or hoarder, buying interest. The fall in oil prices has meant that traditional hoarders of gold in the Middle East have far less money to spare.

Indeed the price of gold is strongly linked with the oil market.

The fear that some oil-producing countries would be unable to meet their debts and would spark off an international monetary crisis appears to have receded. Cheaper oil is seen primarily as disinflationary in the short term, relieving pressure on the dollar and enabling interest rates to be cut.

But even the "bears" of gold readily acknowledge that the scenario could change quite rapidly, indeed almost overnight as happened in February when the market collapsed.

Market sentiment is an even more powerful influence these days with the growth in importance of the futures markets, where many of the players have a vested interest in price volatility. They do not care particularly whether prices go up or down, so long as they move positively in one direction or another.

The huge speculative funds, guided by charts and computers, are an increasingly powerful short-term influence on the futures markets, changing direction constantly in an effort to push the price up or down.

When supply and demand is fairly evenly balanced, as seems likely this year, it is the speculators who call the tune.

Gold is fundamentally a useful metal, with a few industrial uses that could not be met by substitute materials, and it is obtained at great cost and effort from the bowels of the earth wasting valuable resources. But it remains the favourite of both long-term investors and short-term speculators, who watch the price movements with avid interest.

Many ingredients

Although it would appear that the strength or weakness of the dollar is the primary influence on the value of gold, many other ingredients go into deciding the price.

Gold is extremely sensitive to political, as well as economic developments, so a new crisis anywhere in the world could quickly bring buyers flooding back in again and send prices soaring up.

Meanwhile, in the absence of any major political or economic crises, the immediate outlook for gold appears for the price to remain under downward pressure in the short term but to start moving up again next year.

Once the boom in the stock markets runs its course, gold may well come back into favour especially if interest rates fall sufficiently to make it a competitive investment once again.

TOP 20 HOLDERS OF MONETARY GOLD
(Million ounces at April 1983)

1 U.S.	263.66	11 Canada	20.21
2 West Germany	95.18	12 UK	19.02
3 Switzerland	83.28	13 Spain	14.61
4 France	81.85	14 Venezuela	11.46
5 Italy	66.67	15 Lebanon	9.22
6 Netherlands	43.94	16 Australia	7.93
7 Belgium	34.18	17 South Africa	7.71
8 Japan	24.23	18 Sweden	6.07
9 Portugal	22.07	19 Algeria	5.58
10 Austria	21.12	20 Saudi Arabia	4.60
All countries	946.92	Oil exporting countries	42.03
Industrial countries	786.92	*Non-oil developing countries*	114.23

Source: IMF

Asset favoured by central banks

Monetary role

JEREMY STONE

THE KING is not dead, but living comfortably in his retirement, exiled to a lakeside villa, perhaps somewhere in Switzerland. Gold, which was not so many years ago dethroned from its role at the centre of the international monetary realm, has informally survived the revolution pretty well.

This is not to deny that some of its former virtues have been rather badly scuffed, in the process of survival. Gold, like other forms of money, has performed several logically distinct tasks, so that it has unsurprisingly proved better able to sustain its position in some of its historical functions than in others.

Despite what many consider to be unacceptable fluctuations in the market price, gold has *clearly held its own as an international* reserve asset. According to the International Monetary Fund, monetary holdings of gold at market prices accounted for over 52 per cent of the total reserves of central banks at the end of April 1983. These holdings added up to 947m ounces, with a market valuation at the prevailing $429 price of just over $406bn.

The pre-eminent position of gold as a reserve asset is thrown into relife when it is compared with the alternative assets in the central banker's portfolio. Reserve currencies accounted for the bulk of the remaining holdings, at about $350bn, while the Special Drawing Right (SDR) which had been deliberately created as a substitute for gold in the dismantling of the Bretton Woods era, accounted for a picayune $20bn.

The two other principal monetary functions are less well preserved these days. The fact that gold is a commodity like soya beans or potatoes—and with a price not noticeably more stable—makes the metal unsuitable to play the part of a monetary numeraire. For the same reason, monetary authorities find it very difficult to use their full theoretical freedom to deal in gold; any move a central banker may attempt runs the risk of being made to look foolish within days—even hours—by the next swing of the market price.

This increase of risk, attaching to dealings by the central banks as to commercial operators in the gold market, has meant—in the words of Rene Larre, former general manager at the Bank for International Settlements—"gold is still a part of the reserves, but it is kept at the bottom of the pile."

Yet the re-entrenchement of gold as a reserve asset has been ratified—if that is not too much of an overstatement—by the part it was given in the European Monetary System, in which the system's currency unit (the ECU) has a backing in the pool of gold which member countries have been required to deposit in the system (20 per cent of their reserves) the pool being regularly revalued according to lagged movements in the London fixing price.

Indeed, the increased riskiness of dealing in the market probably means that gold is more deeply entrenched in the monetary reserves than ever. Outright sales by central banks—the obvious way to "mobilise" their stocks of gold—have tended to be small in scale, except under extreme financial pressure. The net movements in reserves of the main countries in the Organisation of Economic Co-operation and Development tend to be imperceptible.

Debt problems

On the other hand, the gathering debt problems of developing countries in the past couple of years have forced them into transactions—maybe falling short of outright sale, though the picture is murky—which have unloaded significant quantities of metal. Thus Brazil's reserves of gold—as recorded by the IMF—dropped by over 2m ounces in the final quarter of 1982 before disappearing altogether this year.

The scope for official transactions—of the less overt types—clearly remains considerable. Ever since Italy, in 1974, became the first country to raise a loan in which gold was used as collateral at a market-related price (actually a discount to the then market price of about a third) there has been a fairly heavy traffic in such deals. This remained the case even near the peak of the bull market in 1980—when profit-taking might have been expected to induce outright sales.

In fact, the preferred method that has established itself is the swap, a combination of outright spot sale with an agreement to repurchase at a future date, subject to a relevant interest penalty. This has generally seemed to offer the central banks a safe means of ironing *out balance of payments* irregularities and smooth out debt-service schedules. However, when the gold price crashed in 1982—ducking to below $300 an ounce, less than half its price early in 1981—there was a chill feeling that some of the gold-backed loans might stand to be called in, with a domino effect in the international debt system (not to mention the gold market).

If such fears have been suppressed in recent months, under a relatively stable market price regime, the very strength of gold—alone among financial assets in not normally figuring on the liability side of *another man's* balance sheet—is a deterrent to any full-scale remobilisation of the official holdings.

The fact that gold has always remained in more-or-less inelastic supply may lead to periodic arguments in favour of its restoration to a formally central position in the system, as a means to exchange rate stability or disinflation, depending on one's bête noire. But the same consideration tends to leave the official stocks as a potentially overwhelming overhang on the (free) market price. Gold's deep stockpiling in the reserves is perhaps the biggest impediment to its reinstatement as a measure of value or, in consequence, a general instrument for transactions.

Although surrounded by mystique and secrecy "fixing" the price of gold is actually a simple operation

Trading dominated by the big five

Bullion brokers

JOHN EDWARDS
Commodities Editor

PHYSICAL TRADING in gold in London is dominated by the five bullion brokers, who form the London Gold Market and "fix" the spot gold price twice daily.

The five companies, whose representatives attend the daily fixings, are N. M. Rothschild (where the fixings are held), Samuel Montagu, Sharps Pixley, Mocatta and Goldsmid and Johnson Matthey.

The fixings are held behind closed doors, and thereby tend to be surrounded by secrecy and mystique. But it is quite a simple process. The fix is simply aimed at finding a price acceptable to both buyers and sellers, which can then serve as a reference point for supply contracts.

The fixings start at 10.30 am and 3 pm each trading day with the chairman (the Rothschild's representative) naming an opening price, based on pre-fix market activity. Each company then contacts potential customers to see how they react to the price and whether they are buyers or sellers. Sellers specify the quantity offered, but buyers do not.

The process of matching orders continues until all representatives at the fixing have completed their business, when they lower a small Union Jack to indicate they are satisfied at the price agreed. A dealer needing more time can halt proceedings by saying "flag up" and raising his Union Jack. In busy days the fixing can take a long time, while sometimes it is very quickly completed.

Important influence

The "fixing" price, which narrows the spread between buyers and sellers, is quickly made known throughout the world and is an important influence internationally.

The influential role of the London bullion brokers dates back to the early part of the century when the entire South African gold production was sold via London; first wholly through the Bank of England but later when N. M. Rothschild was allowed to market the gold to obtain the best price possible, after Britain came off the gold standard in 1914. The first fixing was held in September 1919.

The London gold market was shut down during the Second World War, and although it re-opened in 1954 the price of gold was held at $35 until 1968, supported by the formation of the London gold pool in 1961.

Stamping the assay mark on Johnson Matthey 400-ounce gold bars.

In 1968, following the suspension of the London gold pool, South Africa transferred all its gold sales to a Zurich gold pool, formed by the big three Swiss banks—Credit Suisse, Swiss Bank Corporation and Union Bank of Switzerland.

The London bullion brokers were able to recapture some of the South African business in the 1970s, and meanwhile they used their expertise to develop trading links throughout the world, particularly in New York and Hong Kong.

They each have long histories of trading and a wealth of experience to draw on in maintaining their international importance.

In London they were the only dealers authorised to trade in gold bullion until the ban on private ownership of gold was suspended in 1979.

The bullion brokers serve a pre-eminent role as market makers, dealing not only in spot transactions but also quoting prices for delivery up to 12 months ahead.

The Zurich gold market came into prominence during the late 1960s when the South African Reserve Bank dismissed the Bank of England as its marketing agent and transferred its sales to the Swiss banks.

Further power was given to the Zurich market in the 1970s when the Soviet Union used it to handle the bulk of its sales. Since then there has been keen rivalry between London and Zurich.

Last year the Zurich gold pool—made up the three major Swiss banks (Union Bank, Swiss Bank Corporation and Credit Suisse) set up a joint venture brokerage company to strengthen its place in the international gold market. Known as Premex, it has been a great success exceeding the most optimistic hopes of its sponsors since it was launched last October. It has helped offset the loss of business following the introduction of sales tax on physical gold transactions in Switzerland at the start of 1980.

The other important physical gold trading centres are Hong Kong and New York, each serving different time zones. Hong Kong has traditionally been the centre through which Asian countries channel their sales and purchases.

London bullion brokers are also very active in the other main physical trading centres in New York and the Far East. In Hong Kong the "loco London" market, set up by the bullion brokers, provides the facility to trade, as for delivery in London, but eight hours ahead in the Asian time zone. Recently N. M. Rothschild announced it was exploring the prospects for developing an international spot market in Tokyo in collaboration with four Japanese metal companies. A pilot scheme, running from July to October, will test the advantages of yen-denominated spot gold trading for Tokyo with prices determined by local supply and demand. Interest in gold has risen steadily since 1978 when Japanese private investors were legally permitted to hold gold, so Tokyo could become an important part of the 24-hour trading cycle.

Blossomed

Gold trading in the U.S. blossomed when the ban on private individuals dealing in gold bullion was lifted at the end of 1974. It is now an important centre for trading not only by the London bullion brokers and European banks, but also for U.S. based dealers and commission houses.

The relationship between the futures and physical markets for gold are difficult to define accurately. Obviously they are closely linked, but at the same time they operate very independently. One reflecting "paper" transaction, the other being concerned with actual physical availability of supply.

GOLD III

Markets are mostly quiet but their influence is expected to grow

London volume disappointing

Futures trading

JOHN EDWARDS
COMMODITIES EDITOR

THE OPENING of the London gold futures market in April last year completed the 24-hour cycle of trading, linking up with exchanges in the U.S. and the Far East.

Unfortunately it cannot be clawned that the London has so far been an outstanding success. The market opened with a sterling based contract in spite of many warnings that it would not be a success since gold is universally traded, and quoted, in dollars. Alarmed by the decline in turnover, a dollar based contract replaced the sterling market in October. This gave a boost to turnover but although it is running at a higher level than previously, total volume is still viewed as somewhat disappointing.

One explanation is simply that in general during the past year, with one or two notable exceptions, activity in the gold market has tended to be rather subdued. It is notable that turnover on the London market improves significantly whenever things liven up and prices become volatile.

Dull patches

At the same time it is also fair to say that a market takes some time to become established properly. The New York market, for example, had several dull patches during the first few years after opening in 1975 when turnover was almost non-existent.

Nevertheless there is disappointment that the London market—the only one in the European time zone—has failed to make a greater impact. Some traders feel that the uneasy relationship between the joint sponsors of the market—the London bullion brokers and the London Metal Exchange—is not helpful.

In particular it is suggested that the bullion brokers are not giving the futures market their full support; they could, it is claimed, make it work much better by channelling a greater proportion of business diverted elsewhere at present.

However, it is equally true to say that many of the London Metal Exchange companies are members of the gold futures in name only and are making little effort to generate business. Several are just holding onto their seats, as an investment, hoping that the market will take off eventually but are doing nothing to help it do so.

Three LME companies did decide to sell their seats, at undisclosed prices, when the Board lifted its previous condition that the original buyers of seats (at £55,000 each) had to hold them for a minimum period of three years.

It was hoped that lifting this condition would encourage non-active members to sell their seats to those more interested in spending time and money on promoting business, but so far this has only happened on a limited scale.

There is little doubt that a period of increased activity in the physical gold market, of the kind seen in 1979/80, would bring an upsurge of interest in futures trading too.

Not only would the trade need to "hedge" itself against price volatility, but private speculators who have become disinterested in gold would quickly be attracted back again. Futures are especially appealing to short-term speculators, often with limited funds, able to trade on margin rather than buy the actual gold. So far the futures markets have been more successful in opening out gold trading to the small and big speculators interested in short-term profits than in attracting hedging interest from the producers.

However some gold mining companies have used futures to protect their revenue from forward sales and the markets are widely used by traders and consumers covering forward purchases and sales.

Planned further changes in the London contract were announced earlier this month. Market hours are to be changed into a single trading session, from 8.30 am to 3.30 pm, to replace the present two sessions in the morning and afternoon. The earlier opening will, on occasions, overlap with the closing part of the Far East market and also enable European traders to trade London futures at the start of the day.

In addition inter-office telephone (kerb) trading, using LGFM contracts, is to be permitted when the market is closed enabling dealings to be carried on around the clock including the important period when the U.S. exchanges are open. Indeed the monthly positions quoted on the London market are to be aligned more closely with the New York (Comex) contract.

The International Commodities Clearing House has also made certain concessions, reducing its charges and allowing unrealised profits to be claimed, as happens in New York.

Other recently opened gold futures exchanges in Hong Kong, Singapore and Tokyo have failed to attract as much support as hoped. The old-established Chinese Gold and Silver Exchange in Hong Kong is an important and influential market but is basically a spot market, with forward transactions—not real futures trading. Sydney gold futures has also failed to attract much support, but Singapore may be helped by the proposed link with the Chicago Mercantile Exchange.

Meanwhile the established futures markets in the U.S. have gone from strength to strength. Turnover on Comex (the New York Commodity Exchange) on the gold contract leapt last year to a record 12.3m lots (of 100 ounces each), nearly 2m lots above the previous record turnover established in 1981.

Turnover this year could go even higher after a very lively start, although interest has died down in recent months. Comex is promoting strongly the newly introduced (in October) gold futures options contract. It recently introduced a special membership category for option traders only to increase participation in the market.

On the other U.S. exchanges, the Chicago Board of Trade has had considerable initial success with its introduction in April this year of a smaller-size one kilo lot contract to replace the 100 ounces contract that is being phased out. The Board of Trade found that additional support was attracted when it relaunched a smaller size (1,000 ounces) silver contract last year and it feels the smaller gold contract may well have a similar appeal.

Compete directly

The Mid-American Exchange in Chicago has offered a mini gold futures contract for some time, but the gold futures contract on the Chicago Mercantile Exchange/International Monetary Market continues to compete directly with the 100 ounces contract in New York.

Last year turnover on the Mercantile's gold contract fell back from 2.5m to 1.5m contracts, overshadowed by the exchange's success with financial future markets, but the exchange has various plans to boost interest with an inflow of new memberships.

Futures markets for gold are evidently here to stay and their influence on price movements is expected to continue to grow. Speculative and investment interest in gold remains high, but a lot of the business is now being channelled through managed commodity funds, often using computer trading systems.

The high leverage offered by the futures market makes them particularly attractive to funds and institutional investors wishing to invest in raw materials with an intrinsic basic value as a hedge against inflation and currency fears. Gold is one of the favourite vehicles.

The futures markets are particularly sensitive indicators, not so much of basic supply-demand developments, but of the many other political and economic influences that are important in deciding the price of gold, particularly for forward delivery. Spot prices may be most widely quoted but it is the futures markets that set the trend.

Krugerrand sales lively despite VAT confusion

Coins

COLIN MILLHAM

THE KRUGERRAND is still alive and well in the UK according to the International Gold Corporation, marketing and financial support arm of the Chamber of Mines of South Africa. This is despite the problems of VAT fraud and investigations by the Customs and Excise, and also represents something of a continuing saga since it was only in April last year that the authorities announced future purchases of gold coins would be liable to VAT. This was intended to stop certain people from fabricating their own gold bars from zero-rated krugerrands, selling at about 2 or 3 per cent above the equivalent gold price, and then claiming back 15 per cent VAT on the forged bar.

At present the problem involves the lucrative trade in smuggling, attracted by the high rate of VAT in the UK, and to this end the Customs and Excise has sent a letter to bullion dealers after the seizure of gold bars from the premises of Charterhouse Japhet, the London merchant bank.

The smuggler has to be registered for VAT, but as the Customs and Excise points out this does not necessarily imply credibility for either the trader or the goods.

It has become a very confusing and messy situation, but in order to protect themselves from possible involvement in cases of fraud the major London bullion houses have virtually stopped trading in krugerrands. Sharps Pixley is still selling, but will only buy back coins already held in its vaults. Other houses are still dealing with the major institutions, but not the person who walks in off the street and is unknown to them.

Bank branches

As far as private investors are concerned this means that although the bullion houses are effectively closed to them, coins can still be bought from the high street branches of Barclays Bank, National Westminster Bank, and Standard Chartered Bank. The latter being the parent company of Mocatta and Goldsmid, one of the members of the London bullion market.

Mr Mike Temple, of Surrey-based coin dealers Gold Investments, feels the present regulations and high level of VAT are counterproductive to a healthy market. Gold Investments will buy and sell coins held in the UK or Jersey and will also act as brokers on matched deals between two parties but admits that the home market has taken a severe knock in the last year.

Mr Temple points out that the present situation is not even good for the authorities, who need an active domestic market to sell gold sovereigns. These would normally command a premium of around 7 per cent over their gold content but in present circumstances the price is too low to warrant minting of new coins.

Like many other traders Mr Temple feels the only answer is to reduce the VAT rate on gold. At the moment all the authorities are doing is to stop up the dike with new regulations and then wait for someone to find another way through.

The lucrative krugerrand market in London was threatened last year by the imposition of the 15 per cent VAT surcharge on coin sales, but one of the great advantages of London as a financial centre is its flexibility, and the answer to the various problems seems to lie in the abolition of exchange controls about four year ago.

There is nothing to prevent a UK resident from "exporting" his or her money to invest in

CONTINUED ON NEXT PAGE

Thrills and spills on the bullion roller coaster

Time for safety first rules

Mining shares

KENNETH MARSTON

THERE'S nothing like a good old-fashioned gold share boom: the market in retreat can be pretty spectacular, too. Let's turn back the clock to near the end of 1979 for instance. Christmas of that year was an especially merry one for holders of gold and gold shares. Prices of both were booming as never before.

But in the sober aftermath of Christmas many observers feared that the over-heated markets had gone too far. "Time to consider taking a profit," cautiously remarked the FT Mining column in the New Year on January 5, adding with growing anxiety on January 19 "the bullion market has become a dangerous place."

The plunge

The warning came not a moment too soon. On January 21 1980, the bullion price momentarily touched an all-time high of $850 per troy ounce while the FT Gold Mines index of South African share prices stood at 352.5. Then came the plunge.

True, there was a rally during the summer of 1980, but the markets did not really have the stomach for it and a subsequent decline lasted until June 21 1982 when the price of gold dipped below $300 and the share index languished at 183.2.

Then, once more, the roller-coaster lurched upwards, embarking on one of the fastest and sharpest climbs on record. It lasted for only eight months until mid-February of this year but it lifted the gold price by 72 per cent to $508.50. The rise in share prices was even more breathtaking, quadrupling the index figure to 734.7.

Fuelling the sharp upswing were fears of a major international banking crisis arising out of the severe economic problems facing major debtor countries such as Mexico, Brazil and Poland. Gold and gold shares thus played their traditional role as a hedge against fears for paper currencies.

These fears gradually subsided and the subsequent fall in oil prices followed by a rise in both interest rates and the U.S. dollar brought about a slackening in the demand for gold. The price settled down in the $400-$440 region but, surprisingly, an active market has continued in gold shares.

A major factor in the case of the firmness of South African issues was the country's abandonment of a dual exchange rate affecting rands held domestically and those purchased by foreign investors.

The emergence of a single rate meant that investors in South Africa were able to buy gold shares on more favourable terms than before. This stimulated a new demand for gold shares from South African investors who are prevented by exchange controls from moving funds outside the country.

So they began to "buy back the farm" and in so doing created a shortage of shares outside the Republic. Prices rose and dividend yields which once were in the region of 15-20 per cent are now running at some 6-8 per cent in the better class issues.

At the same time the non-South African gold shares were enlivened by the spice of exploration success in Canada and Western Australia. On the north shore of Lake Superior in the wilderness of north-western Ontario prospectors rushed to the Hemlo area which has now become an exciting gold camp.

The fun started las year when two small and previously little known exploration companies, Golden Sceptre Resources and Goliath Gold Mines, came up with drill results which indicated consistently good gold values and big ore widths (thicknesses).

They also suggested that the geology of the area, which is unusual by Canadian standards, had long concealed major gold deposits.

While the share prices of the two companies soared from around 50 cents to over C$25, the mine promotors in Vancouver, never slow to spot a band-waggon, formed new companies by the dozen.

In no time at all, some 60-odd of them were busily pegging ground. Most will end up with little more than "moose pasture," but the fact remains that Hemlo is shaping up to become a major new gold mining area with major such as Noranda, Teck and Lac Minerals bringing their big money and expertise to bear.

Gold excitement has also come for the Australians in the shape of the revival of activity in the old Eastern Goldfields of Western Australia. Interest in this big area was fired early this year by high-value drill results from the Harbour Lights prospect, near Leonora, of the Carr-Boyd Minerals and Esso Exploration partnership.

Fully priced

As in the case of Hemlo, the gold deposits appear to have been hidden from the old-time prospectors, in this case by a cover of overburden soil and rock. At all events, there is talk of possibly nine or 10 viable mining operations emerging in due course and lively share-dealings have ensued.

If there can be such a thing as normal investment criteria in a sharemarket as specialised and as volatile as this, many shares of the established gold producers look to be fully priced.

Much the same can be said for some of the international base metal issues and, indeed, for large numbers of UK industrial companies whose share prices are discounting a good deal of the expected economic recovery.

The difference is that many observers are less sanguine about a further sharp rise in the gold price than, say, in the base metals which for the most part are still at depressed levels.

Then, too, a gold mine is a wasting asset based on its remaining life. So unlike an on-going industrial company, a gold company's dividends represent in part a return on capital and dividend yields must take this into account.

In recent times mine operating costs have been well maintained but, inevitably, they are on a rising curve. In the case of the South African companies, recent wage awards are now exerting upwards pressure on costs. For the Australian producers there remains the fear that their tax-free status will not be allowed to continue indefinitely.

Gold shares generally, however, contain an insurance element against inflation and other problems that can afflict paper currencies. The insurance element is, of course, that their fortunes are based on gold and while gold provides a similar insurance against currency problems it does not earn a return on capital.

There is, of course, a greater risk element in gold shares than in bullion—although holders finding it difficult to sell Krugerrands at a reasonable price as a result of recent VAT swindles might not entirely agree.

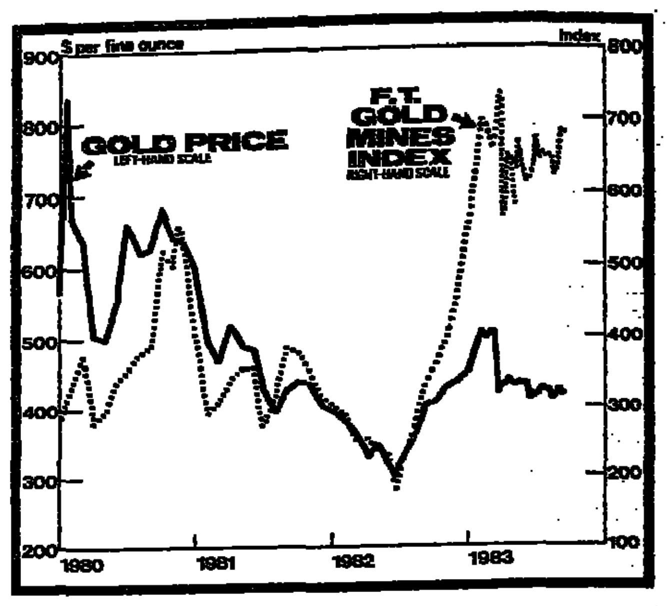
Gold mining companies need a steadily rising gold price in order to stay ahead of operating costs and for some of the mines with low grade ore and high costs the profit margin is again becoming a little too slender for comfort.

Safety therefore dictates that for the time being investors should concentrate on the medium and higher grade companies. These include such names as Southvaal, Randfontein, Vaal Reefs, Libanon, Western Deep Levels, Kloof and the great Driefontein Consolidated.

Because of the greater gearing of profit to gold price the "thrills and spills" brigade will prefer the more marginal mines such as Durban Deep, East Rand Proprietary and Venterspost.

As to near term prospects for the gold price, opinions vary. But there is a growing feeling that it may begin to move ahead again only because a sustained world economic recovery may lead to increased industrial demand for the metal and, possibly in the longer term, to a return of rising inflation.

Nobody is prepared to say that the bullion roller-coaster is no longer capable of springing a pleasant surprise for gold and gold share investors.



Krugerrand sales lively

CONTINUED FROM PAGE III

krugerrands held in the Channel Islands, Luxembourg, or even the duty-free zone at Zurich Airport.

Krugerrands are not the only coins of this type, which are essentially a way for anyone to become a gold investor, with similar coins produced by Canada, the USSR and China, but are by far the best known.

The first krugerrand was struck by the South African Mint in 1967. It contained one troy ounce of pure 24 carat gold, but also consisted of two carats of alloy for durability, bringing the total weight to 1.09 troy ounces (one troy ounce weighs 31.103 grams, compared with the more usual avoirdupois ounce of 28.349 grams).

Since that time almost 39m ounces of krugerrands in various weights from 1/10th of an ounce up to 1 oz have been minted.

In 1970, 211,018 ozs were produced, building to a peak of over 6m in 1978, but falling back to 2.56m last year. In the first seven months of 1983 sales were 2.16m ozs, up 9 per cent from the same period of 1982.

To the British investor this method of becoming involved in the bullion market for a relatively small capital sum has advantages at times when domestic inflation is much higher than in the U.S. and elsewhere. Gold is generally valued in dollars, and low U.S. inflation will tend to keep its value steady, but if a UK resident believes that a British Government is likely to follow inflationary policies depressing the value of sterling, then the gold market via the Krugerrand can be attractive.

When gold touched a peak of $850 in January 1980, sterling was valued at about $2.27, giving a pound equivalent of some £375. Although the metal has not approached its highest dollar value since that time, it was over £330 at one point in February this year, compared with £197 about 13 months ago.

With the return of the Conservative Party to power earlier this year, presumably intent on following non-inflationary policies and protecting the value of the currency, gold's allure is somewhat diminished. But if anyone doubted the opinion polls in June and believed that a Labour Government would have meant high inflation and a 30 per cent devaluation of sterling then buying krugerrands would have been a very good hedge.

The problem then arises about payment of VAT, but this is where certain bullion dealers, stockbrokers and merchant banks come to the rescue.

These organisations will act for clients, buying krugerrands to hold in the Channel Islands, Luxembourg or elsewhere and tend to act on the basis of minimum orders in the region of £1,000 or a certain number of coins, perhaps five or 10.

It appears to be an important factor of any transaction that the coins are sold on an allocated basis, although this will involve the purchaser in charges for storage and insurance. Gold bars are usually sold on an unallocated basis on the London bullion market, but this is probably not acceptable to the Customs and Excise because there is no proof of ownership of any particular coin.

Some traders, such as Shaw Cavendish of Chester, quote prices free of storage abroad and insurance but in such cases it will pay to check relevant market values and costs.

If London was in danger of losing business because of VAT regulations, the other major European bullion centre, Zurich had similar problems because of the introduction of a 5.6 Swiss excise tax from the beginning of 1980.

Banks are not liable for this tax and, therefore, a customer can ask the bank to purchase gold or gold coins and enter into a gold claim, by which the customer becomes a creditor of the bank.

This could have obviously disastrous results if the bank fails, but the Swiss banks have found a novel way round the problem by storing gold in the duty-free zone at Zurich Airport.

This facility was originally intended for large investors, but now virtually anyone interested in buying gold can enjoy the benefits of avoiding the 5.6 per cent tax, through a company called Goldplan of Zurich. Goldplan's scheme is aimed at the small buyer of Krugerrands, is administered by a Swiss bank, Ueberseebank, and although the coins are stored at Zurich Airport in secure conditions guarded by Swiss border police, tax-free delivery can be taken at any time virtually anywhere in the world.

Mapleleafs

Krugerrands, Mapleleafs and other similar coins are essentially a way for someone without the ability to buy a standard 400 troy ounce (12½ kg) gold bar to become an investor in a medium which has been trusted and sought after throughout civilised existence on earth, and would presumably have considerably more appeal than the dollar, pound, D-mark or yen if full-scale war or pestilence ever return to the world.

Holding on to this precious asset, assuming survival of a nuclear holocaust, might not be too easy, but that is another story.

It is not just the lure of gold that makes people buy coins, however, but also the numismatic value of the older and rarer varieties, although it must be remembered that the more unusual and valuable the coin, the greater the temptation for forgery.

Among the numismatic coins, some of the best known internationally are the British sovereigns and half sovereigns. These were introduced in 1817, succeeding various denominations of Guinea coins.

Old sovereigns refer to coins minted in reigns before the present Queen, and include a large variation during the time of Queen Victoria. Between 1838 and 1887 sovereigns bearing the young head were minted, followed by Jubilee coins until 1893, and the old head from 1893 until 1901.

These numismatic coins are also valued according to their condition and are rated as fine; very fine; extremely fine; uncirculated (a new coin issued by the Royal Mint, but not necessarily perfect); and Fleur-de-coin (Mint state, unused and flawless).

The older the coin the more valuable it tends to become, because in the case of old sovereigns further supplies are not available. Among those in circulation some will be lost, used for jewellery, exported or hoarded.

Industrial users await more positive signs of end of the recession

Restocking stays at sluggish level

World demand

GEORGE MILLING-STANLEY

TOTAL world demand for gold increased only very slightly last year in spite of the comparative weakness in the price. Gold usage thus remained well below the levels of the 1970s.

Just about the whole of the increase in demand was attributable to jewellery manufacture, which at 716 tonnes accounted for almost two-thirds of the total supply of new gold to western markets.

The general picture has not shown much change in the first half of 1983. There are signs that demand for gold for use in carat jewellery is improving, as is to be expected with the price apparently stagnating not far above the $400 per troy ounce level.

Other industrial users, however, are reported to be awaiting some confirmation of the end of the recession before increasing their offtake.

The biggest increase in demand for gold for jewellery fabrication last year occurred in the developing countries, up about one-third. As with all the other chief components of gold demand, this was at its height during the first half of the year, when prices were at the lowest levels seen since the price explosion of late 1979 and early 1980, and tapered off sharply in the latter half of the year.

Demand from this source has shown little sign of recovery so far in 1983.

It is gradually becoming easier to distinguish between jewellery bought for decorative purposes and purchases with the primary intention of subsequent resale at a profit, which should more properly be treated under the heading of investment.

This is a consequence of a growing sophistication among buyers of gold in the developing countries. In the Middle East, for example, gold use in jewellery manufacture rose by about one-third in 1982, while purchases of gold bars virtually doubled.

This is presumably because fewer people are now buying jewellery for investment purposes, as they are beginning to realise that purchases of jewellery involve the payment of large mark-ups which are not normally recoverable when the items are sold.

Thus bars are a much more satisfactory means of trading in gold than items of jewellery.

Recovery

The use of gold in carat jewellery continued its recovery from the slump brought about by the high gold prices of the latter half of 1979 and early 1980. This recovery began in 1981, with a four-fold rise in offtake as the price weakened, and a further increase of one-fifth was recorded last year.

The slower rate of increase in 1982 was due to the general atmosphere of uncertainty which prevailed as the expected economic recovery failed to materialise. This has remained the pattern this year, as there are still doubts in many people's minds about the upturn, notably as to how strong it will be, how widespread, and how long it will last.

Europe showed a small rise in 1982, with the all-important Italian manufacturers leading the way, but the big re-stocking which was expected to follow the large rundown in stocks in the early months of the year simply did not take place. Re-stocking has continued at a relatively slow pace in 1983.

Italy easily retained its place at the top of the tree with over 200 tonnes, of which a substantial amount was exported, principally to the Middle East, the U.S. and Latin America.

Further down the list, the UK, France and Portugal all improved. The trend towards the manufacture of items of lower caratage, noticed especially in West Germany over the past few years, was reversed, partly in consequence of the lower bullion price, but also because export orders insisted on 18 carat goods.

A similar reversal of this trend was observed in North America, although the recession inhibited any expansion in domestic demand. Nevertheless, a small increase of the order of 10 per cent was experienced.

For the current year, manufacturers are forecasting a rise of about the same magnitude.

Both the U.S. and Canada saw a shake-out within the jewellery manufacturing industries, as small- and medium-sized businesses were either taken over by larger organisations or simply went into liquidation.

Jewellery demand in the Middle East followed a different course last year from any previously experienced. This trend is worth going into in some detail, as it seems to be persisting in 1983. Demand was strong during the first half of the year, but fell away sharply during the final six months as the price of gold rose. This did not, however, produce the expected flood of dishoarding, as the price did not seem high enough to attract selling on any significant scale. Traders thus reported that they were neither selling much jewellery to the public, nor buying it back in any quantity.

The stagnation in the gold price in the early months of this year has maintained this uneasy balance, and it will take a decisive break either below $400 an ounce or above $500 to bring any movement back into this market.

Demand later in the year was additionally depressed by other factors, notably the collapse of the Kuwait stock market and the new lower level of oil prices. These factors are still dampening demand for gold in the area.

A similar pattern existed in jewellery demand on the Indian sub-continent, with virtually all of the sales occurring in the first six months of the year. The strong level of sales in this period boosted offtake from around 25 tonnes to 60 tonnes of newly-mined gold, supplemented by perhaps another 50 tonnes of recycled local metal.

The reasons for this rise and fall in demand during the course of the year were broadly the same as in other countries, with the price being the most significant factor, but this was exaggerated by several local features.

A premium

The domestic gold price maintained a premium over the international price of around $100 for the early part of the year, but this narrowed considerably as the year progressed, and was virtually wiped out by the end of the period.

Added to this was the effect of the severe drought in the autumn. In these circumstances, demand from the area is expected to fall this year.

The second most important component of gold demand was again as a means of investment. With the proviso mentioned earlier, this is most easily identifiable by demand for gold bars, as separate figures for the production of official coins such as the South African Krugerrand are available and thus are considered separately.

Consolidated Gold Fields estimates that bar hoarding reached a new record in 1982 at almost 300 tonnes, up from 280 tonnes in the previous year.

As before, the greatest demand for this purest form of investment gold came from the Far East, which accounted for around two-thirds of the total. However, the Middle East is catching up rapidly, after more than doubling last year.

Demand for gold to be used in electronics fell by about 10 tonnes to around 80 tonnes in 1982, with Switzerland being the sole country where usage for this purpose increased.

There have been no signs of any improvement in the first half of this year, although the generally more buoyant economic climate in the industrialised world is widely expected to boost this component of demand in the latter part of the period.

Dentistry use also declined, with the worldwide total falling below 60 tonnes for the first time since 1974.

West Germany has been the biggest consumer of gold for dentistry for several years, and still accounts for more than one-third of the total, in spite of a decrease last year.

The fall came about because of changes in West German health insurance provisions, and a further decline of perhaps one-fifth is expected this year as the full effects of the changes are felt.

Elsewhere, the decline was accelerated by the growing trend towards the use of alloys of non-precious metals in dentistry.

Gold used for non-electronic industrial purposes, and for decorative uses not covered by jewellery, such as rolled gold, gold leaf and ceramics, also fell below the 60 tonnes level for the first time for several years.

Since this decline was mainly attributable to the downturn in economic activity, some recovery is expected later this year. The demand for gold for use in official coins registered one of the sharpest declines among the major users, with a fall of over a quarter to around 160 tonnes.

Significant

As has been the case for many years now, South Africa's production of Krugerrands continued to be by far the most significant component of this particular end-use, with almost two-thirds of the total.

Canada registered the only significant increase in the production of official coins, with the continuing success of the Maple Leaf.

Medals, medallions and commemorative or fake coins remained the least significant among the chief consumers of gold in 1982, although demand from this source recorded a substantial increase from just under 30 tonnes to around 40 tonnes.

The U.S. consumes by far the greatest amount of gold of any country in this way, although it is still too early to assess the success of its latest programme featuring images of Louis Armstrong and Frank Lloyd Wright.

Central banks likely to continue with more selling than buying

Private sector growth continues

World supply

GEORGE MILLING-STANLEY

THE PAST couple of years have seen a resumption of the pattern of small but steady annual growth in the supply of gold to the private sector. Present indications are that this trend will continue.

This pattern was interrupted in 1980, the year the bullion price soared to its historic high of $850 per troy ounce, and supply to the private sector plummeted from 1,700 tonnes the previous year to just over 800 tonnes.

The main reason behind this precipitous decline was activity by the world's central banks. These organisations had been selling increasing amounts of gold during the 1970s, reaching a peak of around 550 tonnes in 1979, and suddenly switched their policy to become buyers of a net 230 tonnes in 1980.

The central banks were also largely responsible for the sharp rise in supply in 1982, when the private sector received something like 1,120 tonnes compared with less than 1,000 tonnes in 1981. About 100 tonnes were added to official reserves by the central banks, a considerably lower figure than the previous year's 300 tonnes, thus making that much more gold available on world markets.

This year several analysts are expecting a further switch in the net effect of central bank dealings, with more gold being sold to the private sector than bought from it. This is widely expected to lead to net official sales of around 50 tonnes.

New mine production last year reached just over 1,000 tonnes, the first time this has happened since 1973. This year's total is expected to be broadly similar.

The other main component of world gold supply is the net effect of trade with the countries of the Soviet bloc. The present indications are that these dealings will give rise to net sales to the Western world private sector of around 50 tonnes.

One of South Africa's newest gold mines, Elandsrand

This, taken together with the net effect of central bank dealings, seems likely to add around 100 tonnes to net supply in 1983. That at least is a tentative conclusion to be drawn from the scanty evidence available at this stage of the year.

Last year's lower gold price, with the London closing average down from $457 per troy ounce in 1981 to $376, encouraged the mining of higher grade ores in a number of countries, which tended to lead to higher production.

This trend seems to have continued to some extent so far this year. South African production, for example, ran marginally ahead of 1982 in the first seven months of this year.

The weaker gold price of 1982 put considerable pressure on several of South Africa's more marginal producers, those with higher-than-average operating costs and lower-than-average gold grades. The older operations with diminishing ore reserves and falling grades were especially hard hit. The steadiness in the price so far this year has removed much of this pressure.

Cost control

All the mines managed to stay in production last year through stringent policies of cost control. These mostly involved the postponement or cancellation of expensive capital expenditure programmes designed to expand output or prolong mine life.

The subsequent recovery in the gold price has encouraged several mines to reinstate their ambitious capital programmes.

The low price early last year induced a number of mines to take advantage of South African Reserve Bank permission to ensure a minimum level of profitability by hedging on the various gold futures market. All except Western Areas—a special case, as it needs to protect itself for the next couple of years while sufficient additional ore reserves are established—are now understood to have unwound their positions.

Any further weakness in the price or a major increase in costs could lead quite rapidly to a resumption of futures transactions.

Forecasts from some quarters of a sharp fall in South African production over the next decade seem premature in the light of several big expansion programmes which are going ahead as planned.

Most of these represent the replacement of existing reserves which are gradually (say, over the next 15 to 20 years) approaching exhaustion, rather than big expansions to current output. They will, however, at least ensure the future of several of the present operations far beyond their lives as originally planned.

Notable among these are the exploitation of the North Driefontein area by Driefontein Consolidated, the development of the Erfdeel/Dankbarheid area by Western Holdings, and Randfontein's recently announced proposals for the neighbouring South Roodepoort blocks.

Most leading analysts expect little change in Western mine production over the next couple of years. Chief among the proponents of this view is Louise du Boulay, author of the influential survey "Gold 1983," available from Consolidated Gold Fields at 49, Moorgate, London EC2.

Coming on stream

These commentators believe that the next significant increase in production will come in 1985, when the big Ok Tedi operation in Papua New Guinea and Homestake Mining's McLaughlin project in California are both due to come on stream.

If the gold price rises in the intervening period — or at least keeps pace with inflation —there could be a further boost to world supply in the shape of more big jumps in output from Australia and Canada.

At least two or three mines seem likely to open in the exciting Hemlo area of north-eastern Ontario, while as many as nine or 10 smaller operations could be in production in the Eastern Goldfields region of Western Australia.

Australian output could be lifted further if the current round of exploration in Queensland also pays off. The hectic pace of drilling activity in all three areas seems bound to lead to a rise in world supply at some point in the next few years.

For the immediate future, Ms du Boulay believes there will be an excess of supply over demand in 1983, in contrast to the position over the past couple of years. She does not expect this necessarily to have a depressing effect on the gold price, however, believing that any surplus will be absorbed by increased investor demand.

Several commentators have suggested that there could be a bigger rise than I have predicted in the amount of gold coming on to Western markets from the Soviet Union this year. This view is now losing ground in the face of the growing belief that there is apparently a new sophistication in Soviet sales of gold.

This belief suggests that sales are no longer dictated simply by anticipated shortfalls in foreign exchange for particular purposes, such as purchases of grain, but are now much more carefully planned with a view to maximising hard currency earnings.

Thus Soviet gold sales are likely to be at their height when the gold price is perceived to be high and to fall away dramatically when the price drops. This was certainly the pattern last year.

MINING NEWS

Rally at Minorco in second half

BY GEORGE MILLING-STANLEY

FULL-YEAR RESULTS of the Bermuda-registered Minerals and Resources Corporation (Minorco) were very much as the share market had expected, with earnings before extraordinary items falling to 64 U.S. cents (43p) from last year's 84 cents.

Minorco, the international investment arm of South Africa's Anglo American Corporation group of companies, has in fact put in a creditable performance after a loss in the first half.

Earnings from operations improved by 11 per cent to U.S.$51.78m, but the recession still affected Minorco's share of undistributed earnings of investments, which dropped from $90m to $55m.

It must be remembered that these earnings effectively reflect the performance of the companies concerned during the second half of calendar 1982, owing to the use of the equity methods of accounting.

The companies involved include Charter Consolidated, Consolidated Gold Fields, Inspiration Resources, Hudson Bay Mining and Smelting, Engelhard Minerals and Chemicals and Phibro-Salomon.

The last-named was largely responsible for the turnround from a loss in the first half of the current year to a profit overall.

Minorco's earnings before extraordinary items came out at $105.6m, down from $385.3m in the year to June 30, 1982. As in the first half, there was a large extraordinary debit reflecting the group's share of the $87m write-off made by Consolidated Gold Fields on the U.S. drilling rig business of Skytop Brewster.

This was by far the most significant item in Minorco's net extraordinary debits of $36.7m.

This left attributable earnings at $72.9m, against $128.2m last time. Earnings per share were 45 cents, compared with 80 cents, and the total dividend was maintained at 22 cents with an unchanged final of 16 cents.

Since the year-end on June 30, Minorco has realised $307m from the sale of 6m shares, or about 5 per cent, of Phibro-Salomon.

In addition, the group has subscribed $111m to Inspiration Resources at the time of that company's public issue, thus maintaining Minorco's holding and its voting interest.

The shares improved 5p to 755p in London after the announcement of the results. This compares with Minorco's stated net asset value per share of $15.72, or £10.48.

Heath Steele shutdown continues

THE RECENT upturn in metal prices has not been big enough to help Canada's Heath Steele Mines, the Noranda subsidiary which operates a zinc-copper-lead-silver mine near Newcastle, New Brunswick.

The mine, which was closed in May, will remain shut until its products can be marketed profitably, the company said.

Heath Steele added that although zinc has started to lead the recovery in metal prices, the price of copper has not yet improved and markets for lead metal and concentrates remain very soft.

Provided that the economic recovery continues, and that a market can be found for the silver-bearing lead concentrates, the company expects to recall some employees during the first quarter of next year.

These men will be used to start preparations for a resumption of production from sulphide ores, perhaps by the middle of 1984.

Recovery for Israeli diamonds

THE RECOVERY in the Israeli diamond industry which began last year is continuing, on the evidence of latest figures for imports of rough (uncut) stones and export of polished gems.

The large stocks of rough which had been built up over the past few years are at long last beginning to run down, and imports of rough rose by 56 per cent over the first eight months of this year to reach US$410m (£275m), reports L. Daniel in Tel Aviv.

During the same January/August period, exports of polished rose by 14 per cent to $867m.

The increase in exports is mainly attributable to the all-important U.S. market, which accounted for 43 per cent of the total for the eight-month period against 38 per cent in the first eight months of last year.

Mr M. Schnitzer, president of the Israeli Diamond Exchange, had some words of warning, however. He said that while world demand for polished gem diamonds is beginning to pick up, Israel is unlikely to be able to get its fair share unless the government provides the local industry with the same exchange rate insurance cover extended to other industries.

He went on to point out that the industry had received no help in adapting its methods to work on the smaller stones which are now the focus of demand.

The number of workers in the industry has been halved from the 12,000 employed in 1980, when exports totalled $1.4bn. Exports were worth $905m last year, and it is hoped once again to reach the $1bn mark in 1983, he said.

Helca to manage Colorado gold mines

IT LOOKS AS though the long-awaited revitalisation of the former gold-producing area of Cripple Creek, in Colorado, is about to come to pass.

Hecla Mining, the big U.S. silver producer, has taken over the management of gold-mining properties in the area as a result of an agreement with Texasgulf, owned by the French oil group Elf Aquitaine, and Golden Cycle Gold.

Last month, Hecla announced that it was to buy 50 per cent of Texasgulf's 64 per cent share in the properties, which are operated under the name of Cripple Creek and Victor Gold Mining Properties.

Hecla plans to spend several months upgrading the Ajax Mine in order to increase the operating rate to 300 tons a day from the present 50 tons a day.

The processing plant will remain closed until rehabilitation and improvement projects have been completed, and enough ore has been developed to sustain the 300-ton per day operating rate.

Hecla also plans to conduct an extensive programme of exploration, testing previously unexplored ground in the Cripple Creek area.

INTERNATIONAL ROUND UP

SOUTH AFRICAN gold production continues to increase, according to the latest figures from the Chamber of Mines.

Output for the month of August rose to 1,853,575 oz from July's 1,8113,383 oz. The latest figure is also ahead of the 1,838,923 oz produced in August last year.

This brings the cumulative total for the first eight months of 1983 to 14,567,056 oz, well ahead of the 14,155,666 oz produced at the same stage of last year.

Newmont Mining of the U.S., in which London's Consolidated Gold Fields has a stake of around 25 per cent, has carried out its planned acquisition of a further 3.235 per cent of Peabody Holding Company, which controls the biggest supplier of thermal coal in the U.S.

Newmont paid U.S.$17.8m (£11.9m) for the stake, which brings its holding in Peabody to 30.735 per cent.

Other holdings in Peabody are the Williams Companies (30.735 per cent), Bechtel Investments (16.765 per cent), the Boeing Company (16.765 per cent) and the Equitable Life Assurance Society of the U.S. (5 per cent).

Fluor Corporation has now disposed of the whole of its 10 per cent stake in Peabody.

Latest drilling results from the Bellevue gold prospect of Spargos Exploration and Queen Margaret Gold Mines suggests that the companies may have outlined a major extension of Bellevue, north of Leonora in Western Australia.

The drills have intersected economic-grade gold mineralisation, including a 12.55-metre width at a grade of 16.9 grammes of gold per tonne. Drilling is continuing.

Meanwhile, Dr Jack Hallberg of Minplex Resources, which provides technical assistance to this group of exploration companies, said yesterday that he believes he has discovered a revolutionary method of geological analysis.

Dr Hallberg believes this method has created a model for exploration which makes the discovery of another deposit of the Kalgoorlie type predictable.

The first drilling results from the group's principal target, south of Leonora, are awaited with interest.

Juliana's in line to meet £1m forecast

PRE-TAX profits of Juliana's Holdings, which came to the market in May and provides discotheque entertainment for night clubs and hotels rose from £287,165 to £458,749 in the first half of 1983. The directors reiterate their prospectus forecast that full year profits will be not less than £1.05m compared with £619,132.

Turnover at midterm showed a 20 per cent increase from £1.73m to £2.07m, while the profit advance represents an improvement of 60 per cent.

As projected, the inaugural interim dividend is 3p gross, with earnings per 2p share up from 4.4p to 7.1p after tax of £98,695 (£67,845).

Below the line, there are extraordinary credits this time of £115,152 representing the surplus on sale of two wholly-owned subsidiaries which were sold as part of the arrangements made in connection with the group's offer for sale.

This left the attributable balance at £475,206 (£219,895) and, after the £165,000 cost of dividends, some £310,206 was retained.

The directors report that since May the group has continued to expand the number of contracts with international hotels and has completed its first equity participation contract, which is due to commence in Singapore later this year.

The benefits of these developments will be reflected in results for the second half of the current year, they add.

Rosedimond earnings downturn

IN THE half-year to July 31, 1983, gross revenue of Rosedimond Investment Trust fell from £481,710 to £451,931, and net earnings were down from £222,240 to £207,987.

Earnings per 25p share slipped by 0.23p to 3.47p, while the interim dividend is cut to 3.45p (3.7p) net—last year a second interim of 3.4p was also paid.

Net asset value per share at the half-year was ahead from 193p to 203.5p.

In late December, 1983, the directors will convene a board meeting to declare an interim dividend to income shareholders, payable on January 30, 1984. This dividend will comprise the majority of the net revenue available for distribution in respect of the period commencing August 1, 1983.

Also, at that meeting, the board will approve the notice to be sent to all shareholders, in connection with the holding of an extraordinary general meeting to place the company in *voluntary liquidation* and to appoint Mr Stansil as liquidator. Such meeting will be held early in February 1984.

National Westminster Bank, the registrar to the company, has agreed to close both registers of income and capital shares at the close of business on February 1, 1984.

Mr Stansil has intimated to the company that he intends to arrange repayment of 50p per share to the registered holders of the income shares as soon as practical after his appointment. The first distribution to the capital shareholders will be made as soon as practical after April 5, 1984.

The final distribution to both classes of shareholders will be made by the liquidator on completion of the liquidation which is expected to be in the second half of 1984.

LMS oil interests come on stream

IN HIS review with the report and accounts for the year to end-March, 1983 Lord Rayne, the chairman of London Merchant Securities, says production of oil at the Maureen field has commenced and is expected to rise to 90,000 barrels of oil a day by early 1984 with increasing benefits to group profits.

LMS has oil and gas exploration and development interests offshore UK through its 29.4 per cent holding in Century Power & Light and through a direct working interest. The group is principally engaged in commercial property development and investment.

Lord Rayne also reveals that a contract should shortly be signed with the British Gas Corporation for the sale of gas from the Audrey field.

Appraisal drilling will follow and, if a suitable level of gas reserves is confirmed, development of the field could begin next year with the target of first gas production in 1986.

Referring to the group's interest in First Leisure Corporation (FLC), the chairman says trading to date has fulfilled the best expectations — FLC's interests include the Empire Leicester Square, the Blackpool Tower and Winter Gardens complexes and the Chichester Yacht Basin.

The directors of FLC intend to seek a full Stock Exchange listing at "an early date."

As reported on September 14, London Merchant Securities returned pre-tax profits of £7.86m (£9.97m restated) for the year to March 31 last but Lord Rayne says that notwithstanding the continuing unpredictability of the world economic climate, the activities in which the group is principally engaged are expected to generate increasing profits on a "significant" scale.

At year-end group shareholders' funds totalled £155.45m (£103.71m) and net current assets £6.39m (£18.97m), the comparable figures have been restated.

Cussins Property climbs 37% to £0.7m midway

WITH an increase of 28.4 per cent in housebuilding turnover, pre-tax profits at Cussins Property Group moved ahead sharply from £515,000 to £705,000 for the six months to the end of June 1983—an increase of 36.9 per cent.

Mr P. I. Cussins, chairman, expects that the year *as a whole* will produce a very satisfactory outcome.

The net interim dividend of this close company has been lifted from 2p to 2.2p. Earnings per 20p share are shown as rising from 5.7p to 7.08p. In the last full year a final dividend of 3.1p was also paid from pre-tax profits of £1.3m.

For the period under review, Mr Cussins says that house sales—which comprise group turnover—were 29 per cent higher at £3.54m against £2.76m. Forward reservations for developments have been sustained at record levels and he expects this to be reflected in the housebuilding results for the year.

Some high quality residential sites with planning permission are being acquired, although the group is very selective in the choice of locations. While there has been an improvement in the outlook for housebuilding, Mr Cussins anticipates demand for new properties in secondary locations to remain subdued.

All the *group's* house styles have been redesigned during the year in order to keep abreast of current trends. The group continues to build by traditional methods and has never used timber framed construction.

During the early part of this year, a new subsidiary, Woodlands Property Development Company was established to build private sheltered accommodation for sale to the elderly. Construction on the first site will begin in November. Mr Cussins anticipates a material contribution to next year's profits from this Company.

At June 30 the rent roll had increased to £285,000 per annum and by the end of the year the directors estimate this will have risen to £500,000 per annum, an increase of more than 100 per cent in twelve months.

In his last statement Mr Cussins said that a number of commercial schemes in the south east were under close investigation. He now says that the development of a major site in Walworth Road, *London* Borough of Southwark has been started, to provide a new store for Argyll Foods. On completion in March 1984 this scheme will provide an annual rental of £200,000.

Elsewhere in the commercial division, the construction of the Denmark Centre, South Shields, is two months ahead of schedule and the 30,000 sq ft Presto superstore is likely to open for trading before the end of the year. Three-quarters of the scheme is now under offer and its final annual rent roll is likely to exceed £420,000.

Pre-tax profits were struck after gross housebuilding profits rose from £696,000 to £952,000.

Notice of Redemption

Transocean Gulf Oil Company

9% Guaranteed Debentures Due 1985
(Now Gulf Oil Corporation 9% Debentures Due 1985)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of October 15,1970, under which the above-designated Debentures are issued, $1,079,000 aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption on October 15, 1983 (herein sometimes referred to as the redemption date):

$1,000 Coupon Debentures Bearing the Prefix Letter M

2	593	1404	2070	3055	3695	4480	6584	10275	11977	12770	14818	15607	16317	17409	18371	19518
6	623	1405	2073	3066	3697	4485	6613	10293	11979	12909	14819	15645	16353	17415	18380	19521
7	632	1437	2074	3074	3713	4513	6659	10595	11998	12917	14822	15657	16354	17418	18424	19524
15	640	1438	2149	3091	3715	4518	6664	10598	12010	12922	14827	15659	16355	17420	18427	19525
20	644	1439	2166	3093	3718	4525	6665	10606	12049	12966	14836	15667	16365	17434	18483	19526
27	645	1441	2174	3095	3721	4527	6669	10619	12056	12968	14842	15679	16366	17454	18493	19535
28	667	1442	2176	3096	3768	4532	6671	10621	12058	13140	14858	15680	16368	17494	18499	19543
69	691	1454	2237	3169	3774	4538	6806	10655	12070	13245	14869	15693	16406	17495	18500	19545
73	696	1463	2275	3176	3791	4543	6832	10750	12073	13246	14884	15705	16408	17497	18501	19557
77	701	1467	2282	3201	3793	4548	6896	10753	12077	13484	14894	15706	16431	17500	18505	19559
93	704	1468	2284	3204	3822	4637	6898	10759	12078	13589	14907	15737	16462	17510	18539	19568
95	710	1470	2289	3238	3830	4639	6900	10761	12083	13624	14909	15793	16534	17513	18616	19569
122	717	1478	2293	3239	3833	4642	7503	10763	12090	13651	14915	15814	16535	17526	18618	19573
124	720	1480	2302	3240	3852	4646	7504	10765	12093	13682	14919	15821	16536	17544	18619	19574
126	739	1481	2323	3242	3884	4651	7509	10779	12096	13695	14920	15832	16538	17546	18630	19577
135	740	1482	2324	3243	3897	4679	7517	10780	12099	13699	14923	15840	16558	17548	18633	19578
145	754	1499	2331	3249	3898	4686	7583	10786	12102	13701	14927	15847	16559	17551	18665	19580
151	760	1506	2349	3255	3911	4687	7595	10813	12108	13705	15013	15849	16560	17554	18692	19605
157	764	1516	2352	3261	3920	4750	7637	10816	12111	13707	15024	15856	16581	17566	18694	19609
158	780	1518	2476	3269	3921	4800	7713	10817	12124	13721	15040	15857	16582	17567	18706	19611
164	784	1525	2492	3285	3936	4804	7843	10821	12128	13724	15043	15859	16583	17579	18711	19612
176	797	1532	2495	3288	3940	4807	8089	10843	12135	13731	15072	15862	16584	17580	18754	19649
179	842	1534	2497	3289	3977	4809	8257	10845	12142	13770	15108	15866	16594	17583	18784	19658
180	843	1538	2500	3304	3980	4810	8275	10849	12143	13772	15120	15867	16613	17588	18817	19668
188	849	1545	2504	3307	3987	4811	8307	10850	12151	13775	15128	15868	16617	17630	18823	19669
238	869	1548	2515	3308	4001	4819	8320	10855	12158	13919	15135	15869	16618	17758	18988	19670
283	888	1564	2539	3331	4025	4821	8345	10856	12201	13928	15136	15870	16630	17760	19004	19674
296	899	1568	2540	3332	4030	4837	8392	11627	12202	13938	15153	15882	16631	17770	19013	19679
305	902	1569	2599	3333	4031	4870	8453	11630	12212	13941	15160	15947	16632	17913	19014	19680
317	971	1574	2600	3345	4084	4874	8462	11638	12213	13958	15161	15948	16642	17927	19076	19714
318	976	1580	2601	3366	4044	4881	8489	11641	12215	14234	15176	15954	16650	17929	19084	19725
322	978	1657	2603	3368	4057	4893	8490	11649	12230	14253	15177	15972	16657	17967	19085	19726
367	1090	1667	2608	3370	4059	4970	8567	11655	12239	14255	15178	15979	16659	17970	19100	19727
368	1091	1683	2629	3371	4060	5250	8570	11665	12240	14256	15228	15980	16662	17971	19117	19730
369	1092	1684	2633	3376	4079	5255	8571	11688	12274	14258	15235	15983	16663	17973	19120	19782
377	1094	1690	2638	3377	4091	5416	8572	11694	12275	14285	15252	15990	16664	17978	19151	19822
383	1095	1693	2737	3378	4119	5417	8600	11706	12280	14287	15254	15997	16696	17981	19225	19837
392	1119	1704	2769	3379	4124	5781	8709	11714	12311	14289	15268	16011	16702	17983	19292	19842
397	1124	1713	2771	3383	4127	5831	8718	11721	12319	14309	15279	16016	16706	17985	19307	19864
405	1125	1719	2774	3407	4148	5838	8832	11742	12344	14312	15318	16047	16723	17991	19312	19883
415	1127	1723	2775	3408	4160	5900	8834	11792	12345	14338	15329	16049	16724	17992	19324	19885
427	1132	1731	2784	3409	4162	5995	8835	11794	12358	14347	15334	16057	16821	18016	19330	19887
429	1140	1759	2816	3410	4188	6019	8850	11803	12374	14352	15339	16081	16835	18028	19342	19894
462	1148	1791	2817	3428	4197	6058	8904	11805	12382	14357	15345	16096	16843	18133	19344	19896
472	1149	1812	2831	3432	4200	6076	8916	11808	12409	14358	15359	16107	16845	18137	19353	19897
482	1155	1813	2840	3434	4201	6089	9200	11812	12410	14369	15382	16113	16853	18139	19357	19916
499	1172	1827	2862	3470	4202	6164	9201	11823	12413	14478	15385	16114	16857	18141	19358	19923
503	1187	1845	2869	3479	4211	6184	9225	11836	12422	14479	15395	16120	16863	18142	19391	19929
504	1190	1846	2883	3548	4236	6190	9227	11840	12425	14484	15403	16127	16996	18164	19409	19930
507	1198	1848	2894	3559	4248	6204	9228	11841	12430	14486	15411	16129	16998	18165	19413	19938
508	1240	1871	2899	3564	4301	6214	9527	11859	12434	14542	15412	16162	17001	18166	19414	19968
509	1242	1882	2913	3578	4326	6228	9547	11874	12506	14563	15426	16179	17006	18177	19418	19973
522	1248	1904	2919	3599	4328	6247	9548	11887	12577	14564	15448	16232	17087	18209	19429	19977
526	1272	1912	2939	3603	4353	6252	9561	11888	12581	14573	15458	16236	17094	18214	19431	19978
529	1297	1949	2942	3609	4354	6260	9626	11896	12583	14585	15509	16238	17096	18226	19442	19984
549	1309	1991	2948	3621	4357	6261	9926	11901	12609	14586	15514	16251	17098	18231	19444	
563	1341	2016	2951	3626	4373	6266	9928	11910	12619	14594	15520	16262	17128	18232	19472	
566	1369	2037	2953	3630	4374	6270	9930	11913	12694	14704	15529	16272	17138	18242	19484	
569	1370	2043	2967	3633	4437	6295	9932	11918	12718	14726	15534	16281	17296	18258	19491	
572	1372	2044	3013	3634	4439	6300	9933	11941	12728	14733	15574	16282	17377	18284	19504	
575	1382	2046	3014	3640	4444	6550	9934	11942	12730	14755	15577	16283	17386	18292	19506	
576	1390	2063	3025	3643	4445	6561	9985	11971	12744	14770	15597	16305	17388	18363	19507	
581	1397	2064	3028	3691	4451	6563	9986	11972	12746	14806	15598	16311	17401	18365	19508	
592	1399	2068	3043	3693	4465	6565	10270	11976	12769	14815	15606	16315	17407	18366	19510	

The Debentures specified above are to be redeemed for the Sinking Fund (a) at the **Bond Services Department of Citibank, N.A. (formerly First National City Bank), Trustee** under the Indenture referred to above, **No. 111 Wall Street, in the Borough of Manhattan, the City of New York,** or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. *in Amsterdam,* Brussels, Frankfurt/Main, London (Citibank House), Milan, Paris, Zurich and Kredietbank S.A., Luxembourgeoise in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on October 15, 1983, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue, and, upon presentation and surrender of such Debentures with all coupons appertaining thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Trustee.

Coupons due October 15, 1983 should be detached and presented for payment in the usual manner.

Gulf Oil Corporation
By: CITIBANK, N.A., as Trustee

September 14, 1983

NOTICE

The following Debentures previously called for redemption through the operation of the Sinking Fund have not as yet been presented for payment.

DEBENTURES CALLED OCTOBER 15, 1973

252	659	1495	1773	2813	3915	6217	6670	11620	13158	16037	17118	
639	660	1531	2659	3766	3919	6306	9321	12648	14090	16067	17127	18029
634	847	1614	2762	3914	6052	6313	9638	13157	16036	16093	17474	

DEBENTURES CALLED OCTOBER 15, 1977

81	714	1401	3716	7778	10094	10139	14599	15711	16191	16207	16775	17214	18048	18337	18353
113	715	1402	5925	9520	10103	11469	14604	16185	16193	16213	16776	17319	18051	18339	18355
233	997	1897	5933	9524	10107	12907	15702	16186	16199	16220	17186	18039	18052	18340	19067
570	1005	2592	7707	10077	10121	13250	15707	16187	16203	16228	17187	18046	18060	18344	

NEW YORK STOCK EXCHANGE 34–35
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SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday September 21 1983

Frost, wind and rain hit U.S. farms, Page 42

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WALL STREET

Fed baton orchestrates equity surge

ACT ONE of the U.S. Treasury's autumn funding programme was given a rousing overture on Wall Street yesterday as both stock and bond investors responded to the vigorous baton being wielded by the Federal Reserve, *writes Gordon Cramb in New York.*

The Dow Jones Industrial Average set a new peak of 1,249.19, up 15.25 on the session in a strong volume of 103.5m shares. The finish was a bare 0.89 better than the previous record set on June 16, but the index had been as high as 1,250.30.

Blue chips carried the day, though, as a total of 599 stocks in the broader market showed declines to offset the 1,001 which gained.

The Fed made a helpful intervention in the credit markets – its fifth in as many trading days – to arrange a substantial $2.5bn in customer repurchases. The significance, however, lay less in its size than in the level of the interbank Fed Funds rate at the time of the authorities' arrival.

At 9¼ per cent, funds compared with an average on Monday of 9.38 and were very much on the low end of the range established over recent weeks around a 9½ mid-point.

Funds then went on to be bid as low as 8⅞ in the late afternoon, settling just on 9 per cent.

Analysts continued to diverge on to what extent this might signal a softening in monetary line, and noted that the arrangement yesterday was not offering new money from the Fed's own account, but the move was enough to lead many back in as buyers in all areas.

Although short-term technical factors existed which would require the Fed to help out – notably the tardiness of the Treasury in settling its quarterly receipts, currently bothering the banking system – Fed Funds were now relatively free of distortions and could be taken as a reasonable guide to official thinking on rates.

A move to a policy of free reserves, or zero net borrowing for the Fed's 6,000 or so member banks, was discerned by one securities house analyst as "half-way accomplished."

Stock market gains included upward corrections for sectors subject to recent selling, prominent among which were the securities firms themselves. Merrill Lynch, which had prompted it all with a reduced earnings forecast last week, rallied $1⅜ to $39¼, while Paine Webber improved $⅝ to $44.

Heavy machinery and defence-related issues were in selective demand. General Dynamics put on 1 to 55⅝ but Lockheed, with its aerospace involvements, was just $⅛ firmer at $41⅜.

Ford, which said it expected a healthy unit rise in 1984 car sales, gained $⅝ to $63⅝

Sony of Japan, available in American Depository Receipts dealings to U.S. investors, was an active $¾ higher at $15¼

ACS Industries spurted $6¾ to $48½ as the company moved to avoid the clutches of Mr Carl Icahn after being suspended until near the close.

In over-the-counter trading Victor Technologies was quoted $¾ down at $5 as the California microcomputer maker began a reshape to bring costs under better control, along with large-scale layoffs.

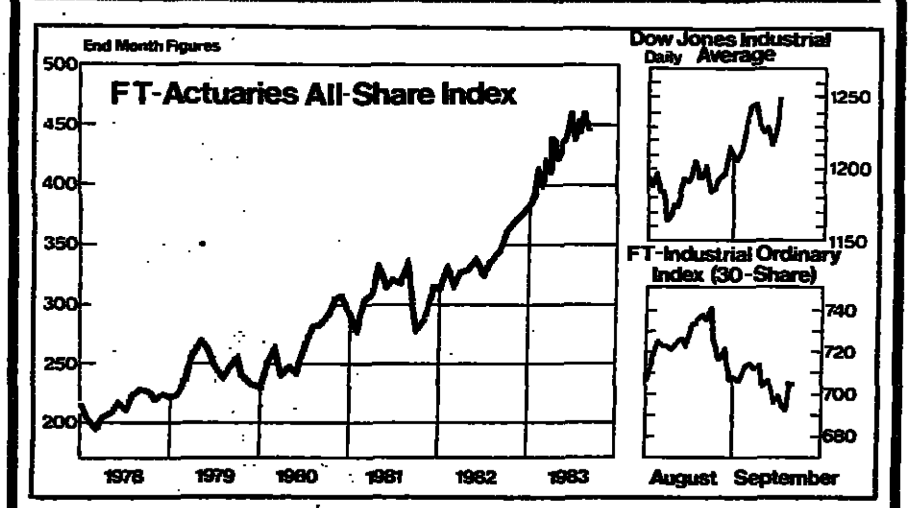
The government bond market was unable to sustain all of the price rises established at the opening, but this was viewed as understandable ahead of the auction later of $5.75bn in four-year treasury notes.

This will be followed this evening and tomorrow by the sale respectively of seven-year notes and 20-year bonds, bringing the package to its full $14.25bn.

The three-month bill was discounted at 8.93 per cent, about five basis points lower than late indications the previous day, while the six-month at 9.0 was some nine basis points easier. The 12 per cent bond due in 2013 improved some 24/32 in price to 103 26/32 to yield 11.54 per cent.

Retail demand was described as "not huge but healthy," while dealers in the corporate sector reported a particularly unexpected degree of price strength.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 20	Previous	Year ago
NEW YORK			
DJ Industrials	1249.19	1233.94	916.30
DJ Transport	590.04	582.84	362.26
DJ Utilities	133.19	131.45	115.31
S&P Composite	169.25	167.62	122.51
LONDON			
FT Ind Ord	705.20	705.30	576.20
FT-A All-share	446.26	441.39	355.35
FT-A 500	482.83	482.06	392.92
FT-A Ind	433.49	433.32	365.64
FT Gold mines	653.10	647.60	345.60
FT Govt secs	81.86	81.71	78.38
TOKYO			
Nikkei-Dow	9254.15	9141.25	704.28
Tokyo SE	680.99	674.65	528.92
AUSTRALIA			
All Ord.	715.60	717.10	511.1
Metals & Mins.	580.50	581.10	412.3
AUSTRIA			
Credit Aktien	55.02	55.05	48.22
BELGIUM			
Belgian SE	129.92	130.35	101.56
CANADA			
Toronto Composite	2577.0	2550.0	1636.00
Montreal			
Industrials	462.83	456.30	300.33
Combined	435.35	430.78	283.68
DENMARK			
Copenhagen SE	196.60	202.44	86.58
FRANCE			
CAC Gen	135.60	134.20	99.40
Ind. Tendance	145.70	144.00	115.20
WEST GERMANY			
FAZ-Aktien	312.51	309.77	235.11
Commerzbank	927.80	919.00	711.30
HONG KONG			
Hang Seng	836.59	842.55	1117.78
ITALY			
Banca Comm.	193.78	197.57	162.13
NETHERLANDS			
ANP-CBS Gen	139.70	139.30	87.60
ANP-CBS Ind	111.20	110.60	68.40
NORWAY			
Oslo SE	210.61	210.64	104.60
SINGAPORE			
Straits Times	968.35	963.41	640.11
SOUTH AFRICA			
Golds	910.2	910.2	634.2
Industrials	952.0	951.7	636.2
SPAIN			
Madrid SE	114.40	closed	98.83
SWEDEN			
J & P	1470.45	1443.61	653.35
SWITZERLAND			
Swiss Bank Ind.	336.90	336.40	249.40
WORLD	Sep 19	Prev	Yr ago
Capital Int'l	179.90	178.60	135.30

GOLD (per ounce)

	Sept 20	Prev
London	$412.35	$412.50
Frankfurt	$412.00	$411.01
Zürich	$412.50	$412.50
Paris (fixing)	$413.62	$412.23
Luxembourg (fixing)	$413.50	$409.55
New York (Sept)	$411.80	$413.50

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Sept 20	Previous	Sept 20	Previous
$	–	–	1.5095	1.5085
DM	2.6655	2.6615	4.0250	4.0175
Yen	242.10	241.80	366	365.00
FFr	8.0525	8.0465	12.1525	12.1350
SwFr	2.1575	2.1540	3.26	3.2525
Guilder	2.9805	2.9810	4.4940	4.4770
Lira	1598.05	1597.00	2408.00	2408.00
BFr	53.76	53.75	81.06	81.05
C$	1.2322	1.232	1.860	1.858

INTEREST RATES

	Sept 20	Prev
Euro-currencies (three month offered rate)		
£	9 11/16	9¾
SwFr	4 9/16	4 9/16
DM	5¾	5 13/16
FFr	14⅞	15⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅞	9⅞
6-month U.S.$	10 1/16	10 3/16
U.S. Fed Funds	9	9¼
U.S. 3-month CDs	9.30	9.50
U.S. 3-month T-bills	8.96	8.99

U.S BONDS

Treasury	Sept 15 Price	Yield	Prev Price	Yield
10⅝ 1985	100	10.83	100 9/32	10.68
10¾ 1990	94 19/32	11.94	96 14/32	11.49
11⅞ 1993	98 21/32	12.05	101 7/32	11.58
12 2013	99 13/32	12.06	102 26/32	—
Corporate	Sept 20 Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	93¾*	11.75*	93.72	11.75
3⅞ July 1990	68⅝*	10.45*	68.50	10.50
8¾ May 2000	76 *	12.15*	76	12.15
Xerox				
10⅞ March 1993	92⅞*	11.90*	91.55	12.15
Diamond Shamrock				
10⅜ May 1993	90½*	12.35*	90	12.45
Federated Dept Stores				
10⅜ May 2013	87.45*	12.20*	86.064	12.40
Abbot Lab				
11.8 Feb 2013	97.175*	12.15*	95.267	12.40
Alcoa				
12¼ Dec 2012	96.509*	12.70*	95.047	12.90

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	72–09	72–14	72–02	71–27
U.S. Treasury Bills (IMM) $1m points of 100%				
September	90.10	90.10	90.07	89.97
Cert Deposit (IMM) $1m points of 100%				
September	90.69	90.70	90.67	90.62
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.10	90.11	90.03	89.93
20-year Notional Gilt £50,000 32nds of 100%				
September	105–06	105–08	105–04	105–05

COMMODITIES

(London)	Sept 20	Prev
Silver (spot fixing)	785.80	795.25p
Copper (cash)	£1021.00	£1027.50
Coffee (Sept)	£1764.00	£1768.50
Oil (spot Arabian light)	$28.70	$28.72

LONDON

BP induces cautious tone

INVESTORS in London adopted a more cautious approach after Monday's upsurge on lower interest hopes as they awaited the result of the BP tender offer.

Gilt-edged stocks, which led the market higher on Monday, met further demand initially. Buyers pushed prices higher as conditions in money markets eased to further prompt hopes of a cut in clearing bank base rates in the near future.

The Financial Times Industrial Ordinary share index put on 2.5 at 10am but was 0.1 off at 705.2 by the close.

Australians generally closed a shade firmer but there was little substance to the upturn. Many of the speculative golds returned to favour. *Details, Page 37; Share Information Service Pages 38–39*

MEXICO

Rush for highs

GRADUAL lowering of domestic interest rates spurred the 42-issue index of the Mexican bourse to add 61.5 to close at a new high on Monday of 1,749, *writes William Chislett in Mexico City.*

The index, which has risen 160 per cent this year, has been buoyed by lower inflation and the perception that Mexico's economic difficulties are bottoming out and recovery is near.

There is also an expectation that the Government will begin to depreciate its free rate for the peso (currently 149.10 pesos per U.S. dollar) which is in danger of becoming overvalued again

AUSTRALIA

DULL trading in Sydney yesterday left most shares either mixed or lower.

BHP epitomised sentiment by rising to A$12.60 in the morning before fading to A$12.40, a loss of 15 cents on the day.

Banks and building material issues were marginally improved, whereas gold stocks ended widely mixed with advances outnumbering declines

SOUTH AFRICA

GOLD mining stocks finished mixed after a day of dull trading in Johannesburg. The industrials sector was the only area to show any significant movement.

Acrow Engineering, a subsidiary of a British group, rose 35 cents to R3.40 and Murray and Roberts, the country's largest construction group, put on 75 cents to R11.50.

SINGAPORE

MANY issues regained confidence yesterday in Singapore after a spate of declines and the Straits Times Industrial index finished 4.94 higher at 968.35 in thin trading.

Fraser and Neave gained 10 cents to S$6.20, Cold Storage added five cents to S$5.45, while Haw Par was unchanged at S$2.83.

HONG KONG

A MILD recovery was expected in Hong Kong yesterday but it vanished on reports of forged Hutchison Whampoa share certificates. The Hang Seng Index, initially down 5, was by midsession 3 higher than the previous close, only to finish the day 5.66 off at 836.59.

The see-saw motion was influenced by some initial stability and later unease over the Hong Kong currency.

CANADA

OPTIMISM about North American interest rates spilt over yesterday into Toronto, where stocks were sharply higher at midsession.

The composite index was up 24 to 2570.0 and of the 14 major sectors, only the media group had seen any declines.

TOKYO

Blue chips rise on yen green light

BLUE CHIPS and large-capital stocks led one of the broadest advances this year in Tokyo yesterday as the yen's sharp upturn against the U.S. dollar and Wall Street's overnight climb encouraged investors to put a clear end to a five-session losing streak, but late profit-taking trimmed early gains in bond prices, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow Jones Average shot up 112.90 to close at 9,254.15, the second largest advance this year after a gain of 159.33 on January 26. Volume nearly doubled to 307.32m shares against Monday's 164.97m. Gainers outpaced losers 400 to 253, with 192 issues unchanged.

Mitsubishi Heavy Industries was again the most actively traded issue, rising Y7 to Y260 on volume of 45.7m shares. Beside strong foreign interest prompted by better earnings prospects, a number of securities houses stepped up buying with the apparent intention of putting Mitsubishi and other large-capital stocks in the role of market leader in their new business year starting in October.

Shipbuilding and steel issues followed the Mitsubishi advance, with Ishikawajima-Harima rising Y9 to Y175, Hitachi Zosen Y4 to Y155, Nippon Steel Y7 to Y173, and Nippon Kokan Y4 to Y153.

Sony, which forecast a sharp earnings recovery for the fourth quarter, led a broad-based rally of electrical and other blue chips with a gain of Y150 to Y3,750. Matsushita Electric Industrial went up Y40 to Y1,640, Hitachi Y22 to Y883, and NEC Y50 to Y1,440. But Fujisawa Pharmaceutical, implicated in a criminal case involving new drug data of rival companies, lost another Y20 to Y900 under continuous selling.

Speculative issues showed erratic fluctuations. Aoki Construction, recently favoured in connection with a second Panama Canal construction project, continued its decline with a limit daily loss of Y50 to Y850 while Joban Kosan surged ahead with a maximum allowable gain of Y80 to Y370.

Initial gains on the bond market evaporated as some securities firms hurried to take advantage of higher prices for profit-taking, with yields rising gradually back to Monday's levels.

The yield on 7.5 per cent government bonds, with 9½ years remaining to maturity, declined four basis points to 7.84 per cent in early trading, but closed at 7.87 per cent on late selling. City banks also appeared quick to take profit whenever the yield dropped below 7.88 per cent, or about the same level at which they underwrote these government bonds.

EUROPE

Lebanon and public debt sour Milan

UNEASE over mounting tension in Lebanon and the Italian Government's unwillingness to take immediate measures to curb public debt soured the Milan bourse yesterday, while other European centres generally advanced in active trading.

All Milan issues faced heavy selling and slumped further in after-hours trading which lacked any defence intervention by institutional investors. The weakness, unusual at the start of a new operative month, was partly attributed to liquidation of short-term positions.

Industrials and leading state banks were hardest hit. Fiat fell L41 to L2,971, Pirelli SpA shed L40 to L1,590, Montedison dropped L7.2 to L202.40, and La Generale was L40 off at L1,885.

Mediobanca slumped L2,300 to L64,700, Olivetti Ordinary eased L135 to L3,200 and Generale Immobiliare gave up L44 to L626. Finsider, unchanged, was one of the few major names not to yield to the sour mood.

Beaming smiles were much in evidence in Frankfurt, however, where the Commerzbank index gained 8.8 to 927.8. Blue chips improved on the strength of a weaker dollar and a healthier domestic bond market. Allianz scored one of the largest rises: DM 9. to DM 650.

Banks were sought after. Deutsche Bank was DM 5.50 higher at DM 307.50, Dresdner gained DM 3.50 to DM 173, and Commerzbank was satisfied with a DM 1.60 lift to DM 170.10.

Kaufhof, DM 5.50 ahead at DM 246, underlined a strong stores sector, while in motors, VW lost 20 pfg to DM 212.50 but BMW added DM 3.80 to DM 383.80.

Chemicals saw rises in Hoechst, up DM 2.30, BASF ahead by DM 1.50 and Bayer DM 1.60 higher at DM 147.10. Elsewhere, electricals were mixed.

Active trading in Paris brought most stocks higher in a confident mood underpinned by Wall Street's overnight advance.

Foods, motors, electricals and chemicals were particularly strong while constructions and oils gained. Banks proved the sole weak spot.

BSN gained FFr 30 to FFr 1,950, Bouygues rose FFr 23 to FFr 705 and Peugeot settled FFr 9 higher at FFr 223. Cit-Alcatel put on FFr 24 to FFr 1,266 and Esso was FFr 5.5 stronger at FFr 335.

Financial and publishing names were the most sought after in moderate Amsterdam trading, which had largely anticipated the Government's 1984 budget and was well pleased with planned cuts in corporate taxation.

ABN was Fl 7 ahead at Fl 372, while Elsevier-NDU up Fl 6 at Fl 379, and VNU, Fl 5.2 higher at Fl 110.5, captivated the market.

Heineken lost ground, Fl 3 off at Fl 120 but most other local issues were steady or firmer. Internationals scored narrow gains.

Trading in Stockholm staged a much needed strong recovery, while Brussels was mixed and Zurich was steady. Banks and electricals lost in a poorer Madrid session.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

Continued on Page 36

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

NEW YORK CLOSING PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

CANADA

(Closing Prices) Stock	Sep 20	Vam.
AMCA Int.	23⅛	-⅝
Abitibi	24½	-
Agnico Eagle	18⅜	-¼
Alberta Energy	20⅞	+¼
Alcan Alumn	47	+⅝
Algoma Steel	30¼	-¼
Asbestos	11⅞	-
Bk Montreal	28⅝	+¾
Bk Nova Scotia	43	+½
Bell Canada	28⅛	+⅜
Bombardier A	15	-
Bow Valley	26¼	+⅛
B.P.Canada	-	-
Brascan A	39⅝	+⅜
Brinco	3.4	+0.1
B. C. Forest	11⅝	-¼
CIL Inc	29	-
Cadillac Fairv.	9	-⅛
Can Cement	-	-
Can NW Energy	26½	-½
Can Packers	24⅝	+⅛
Can Trustco	45½	-2⅛
Can Imp Bank	33¼	-¼
Canadian Pacific	49⅝	+1
Can. P. Ent.	23⅝	+⅛
Can Tyre A	60¼	-3½
Carling O'Kfe	24⅞	+½
Chieftain	28⅝	-⅛
Cominco	62	-¼
Cons Bathst A	23⅛	+⅛
Coseka Resources	3 95	-
Costain	9½	-⅛
Denison Mines	49⅞	+⅜
Dofasco	54⅜	+⅝
Dome Mines	19⅛	-½
Dome Petroleum	5⅜	-⅛
Dominion Strs.	21½	-
Domtar	28⅝	-⅛
Falconbridge	83⅛	+⅞
Genstar	32	+1⅛
Giant Y'knife	26	+½
Gt West Life	225	-
Gulf Canada	20½	+⅛
Hawk Sid Can	17	-
Hudson's Bay	24⅛	-
Husky Oil	11⅞	+¼
Imasco	34⅛	-
Imp Oil A	41⅛	+¾
Inco	21¾	+½
Indal	11⅞	+⅜
Interpr Pipe	30⅞	+⅛
LAC Minerals	-	-
Macmil Bloedel	28¾	+⅞
Marks & Spencer	14	-⅛
Massey-Ferg	6⅞	-
McIntyre Mines	44⅞	+⅜
Mitel	17⅝	+⅛
Moore Corp	58⅝	+1⅞
Nat. Sea Prods A	8⅞	-
Noranda Mines	27¾	-
Numac Oil	25⅝	+⅛
Nova Alberta	7⅞	+¼
Nthn Telecom	57¾	+2
Oakwood Pet	12	+⅛
Pancanadian Pet	30⅞	-⅛
Patino	35	-
Placer Devt	27⅞	+⅜
Power Corp Can	18	+⅛
Quebec Sturgeon	9⅞	-½
Ranger Oil	13⅞	-⅛
Reed Stenhse A	13⅝	+⅛
Rio Algom	60⅞	-⅛
Royal Bank	32⅝	+⅝
Royal Trustco A	27⅞	-⅛
Sceptre Res	7½	-⅛
Seagram	43¼	+⅜
Simpson Sears A	-	
Shell Can Oil	27½	+1
Stelco	29	+¼
Teck B	14¾	+½
Texaco (Canada)	40⅝	+¾
Thomson News A	38	+½
Toronto Dom Bank	18⅞	-
Transalta A	20⅝	+⅜
Trans. Can. Pipe	26⅜	+⅝
Walker Hiram	25⅛	+⅛
Westcoast Trans	15	+⅛
Weston (Geo)	60⅛	-

AUSTRIA

Sept. 20	Price Sch%	+ or —
Creditanstalt	211	......
Goesser	320	......
Interunfall	400	......
Landerbank	211	-1
Perlmooser	341	......
Steyr Daimler	155	......
Veitscher Mag.	209	-1

BELGIUM/LUXEMBOURG

Sept. 20	Price Frs.	+ or —
ARBED	1,370	+30
Banq Int A Lux	4,500	-100
Bekaert B	2,900	......
Ciment BR	1,980	+25
Cockerill	155	-7
Delhaize	4,700	......
EBES	2,220	-55
Electrobel	6,150	-10
Fabrique Nat	2,450	-15
G.B. Inno	2,890	-10
GBL (Brux)	2,250	-5
Gevaert	2,440	-55
Hoboken	4,680	......
Intercom	1,795	-5
Kredietbank	6,250	+10
Pan Hldgs	9,000	......
Petrofina	5,970	-10
Royale Belge	7,080	+40
Soc. Gen. Banq	2,855	-40
Soc. Gen. Belge	1,890	-5
Sofina	4,920	-30
Solvay	3,155	-15
Traction Elect	3,025	-10
UCB	3,770	-20
Vieille Mont	5,400	-10

DENMARK

Sept. 20	Price Kr.	+ or —
Aarhus Olie	535	
Andelsbanken	305	10
Baltica Skand.	545	49
CopHandelsbank	279	-13
D. Sukkerfab	790	
Danske Bank	303	-12
East Asiatic	157	-10
Forende Brygg	1,275	
Forende Damp	197	13
GNT Hldg	555	
I.S.S.B.	700	-3
Jyske Bank	628	-22
Novo Ind	3,425	
Privatbanken	303	-11
Provinsbanken	303	-5
Smidth (F)	249	-17
Sophus Berend	975	-72
Superfos	324	-11

FRANCE

Sept. 20	Price Frs.	+ or —
Emprunt 4½ 1973	2,015	-4
Emprunt 7% 1973	10,010	+25
CNE 3%	3,051	-15
Air Liquide	460	+16
BIC	634	+8
Bouygues	705	+23
BSN Gervais	1,950	+30
CIT Alcatel	1,256	+24
Carrefour	1,370	-5
Club Mediter'n	694	+4
CFAO	569	-5
Cie Bancaire	326	+1
Cofimeg	179	-1
Creusot Loire	66.5	-0.5
Darty	659	-6
Dumez	919	+2
Eaux (Cie Gen.)	375	+3
Elf-Aquitaine	185	+5.5
Gen. Occidental	693	-7
Imetal	69.3	-0.8
Lafarge Coppee	287.2	-0.3
L'oreal	1,790	+5
Legrand	1,890	
Maisons Phenix	415	+15
Matra	1,050	-10
Michelin B	825	-11
Midi (Cie)	1,015	
Moet Hennessy	1,177	-1
Moulinex	91	+2.1
Nord Est	54.9	+2.7
Pernod Ricard	750	-8
Perrier	353	-2
Petroles PB	161.5	-4.5
Peugeot SA	223	+9
Poclain	78	
Printemps Au	113	-2.2
Radiotech	410.5	-15.5
Redoute	1,070	+15
Roussel-Uclaf	498	+1
Schneider	131.5	-0.5
Sefimeg	252	-0.1
Skis Rossignol	1,059	+11
Telemech Elect.	1,150	
Thompson (CSF)	197.5	-7.5
Valeo	298	+8

GERMANY

Sept. 20	Price DM	+ or —
AEG Tele	65.4	-1.3
Allianz Vers	650	+9
BASF	148.8	+1.5
Bayer	147.1	+1.6
Bayer Hypo	290	+1.5
Bayer Vereins	321.5	+3.5
BHF-Bank	260	-4.5
BMW	393.8	+5.8
Brown Boveri	226	-3.7
Commerzbank	170.1	-1.5
Conti Gummi	107.5	+1.7
Daimler Benz	575.5	+1.5
Degussa	350	+10.5
Demag	153	[illegible]
D'sche Babcock	168	+2.5
Deutsche Bank	307.5	+5.5
Dresdner Bank	174	+3.5
GHH	167	[illegible]
Hochtief	445	+2
Hoechst	152.7	+2.3
Hoesch	93	+2.2
Holzmann (P)	422	+1
Horten	156	+1.5
Kali und Salz	213	-1
Karstadt	257	+1
Kaufhof	246	+5.5
KHD	216	[illegible]
Kloeckner	38.8	+1.3
Krupp	75	[illegible]
Linde	391.5	+6.5
Lufthansa	125	-0.5
MAN	161.8	+2
Mannesmann	133	+5.1
Mercedes Hld	508	+3.5
Metallges	199	+6
Mueuch Rueck	990	[illegible]
Preussag	267.5	+1.5
Rhein West Elect	166	[illegible]
Rosenthal	261	-1
Schering	335	+3
Siemens	348.5	+4.5
Thyssen	69.5	+1
Varta	167.8	+5.9
Veba	169.9	+3.4
V.E.W.	125	[illegible]
Verein West	312.5	-3
Volkswagen	212.6	-0.2

ITALY

Sept. 20	Price Lire	+ or —
Banca Com'le	27,800	-1,700
Bastogi IRBS	218	+9
Centrale	1,885	+35
Credito Varesino	4,365	+65
Fiat	2,971	+41
Finsider	49.0	[illegible]
Generali Assic	133,800	-1,200
Invest	2,861	+40
Italcementi	43,650	+950
Montedison	202.4	-7.2
Olivetti	3,200	+185
Pirelli Co	2,665	+85
Pirelli SpA	1,590	+40
Snia Viscosa	1,126	+25
Toro Assic	11,350	+240
do. Pref	8,700	+401

NETHERLANDS

Sept 20	Price Fls.	+ or —
ACF Holding	155	-3
Ahold	173.9	-0.4
AKZO	78.1	-0.4
ABN	372	-7
AMEV	125	-0.5
AMRO	61.7	-0.4
Bredero Cert	175.5	+3
Boskalis Westm	45.2	-0.2
Buhrmann-Tet	47.2	-0.7
Caland Hldgs	34	
Credit Lyon'is Bk	48.7	-0.5
Elsevier-NDU nv	379	+6
Ennia	161.5	
EuroCom Tst	102	
Gist. Brocades	162	
Heineken	130	-3
Hoogovens	33.5	-0.2
Hunter Douglas	17.1	-0.9
Int Muller	25.8	
KLM	150.9	-0.6
Naarden Intl	41.4	+0.2
Nat Ned Cert	160.7	+0.7
Ned. Credit Bank	32.6	
Ned Mid Bank	147.5	+1
Nedlloyd	91.5	
Oce Grinten	202	
Ommeren (Van)	27.9	-0.1
Pakhoed	58.4	-0.8
Philips	48.8	+0.1
Rijn Schelde	4	-0.1
Robeco	316.7	-2.7
Rodamco	127.5	+0.1
Rolinco	307.5	+2
Rorento	193.6	+1.3
Royal Dutch	136.8	+0.6
Unilever	228	+2
VMF Stork	76.5	-0.5
VNU	110.5	-5.2
West Utr Bank	108.8	+0.6

NORWAY

Sept. 20	Price Kroner	+ or —
Bergens Bank	118.5	-1.5
Borregaard	170	+5
Christiania Bk	127	+2.5
Creditbank	136	+1
Elkem	116	+1.5
Norsk Data	270	
Norsk Hydro	532	+6
Storebrand	182	+2

SPAIN

Sept. 20	Price Peseta	+ or —
Bco Bilbao	236	......
Bco Central	260	
Bco Exterior	203	-2
Bco Hispano	215	-1
Bco Santander	235	-3
Bco Vizcaya	300	
Dragados	126	-6
Hidrola	58	-0.7
Iberduero	59.5	-0.5
Petroleos	94.5	-1
Telefonica	84	-0.5

SWEDEN

Sept. 20	Price Kronor	+ or —
AGA	335	-5
Alfa Laval	260	
ASEA (Free)	400	-5
Astra (Free)	715	-60
Atlas Copco	171	-2
Boliden	440	+15
Cardo	410	-10
Cellulosa (Free)	680	-5
Electrolux B	312	-3
Ericsson	420	-10
Esselte (Free)	305	-10
Mo Och Domsjo	538	-26
Pharmacia (Free)	437	-7
Saab Scania	249	+7
Sandvik B (Free)	310	-5
Skandia	505	+14
Skan Enskilda	310	+12
SKF B	156	+4
St. Kopparberg	345	+10
Sven Handelsbn	178	-8
Swedish Match	235	-7
Volvo B (Free)	438	-8

SWITZERLAND

Sept. 20	Price Frs.	+ or —
Alusuisse	795	+4
Bank Leu	4,300	+25
Brown Boveri	1,245	-5
Ciba Geigy	2,150	+5
do. (Part Certs)	1,580	+5
Credit Suisse	2,170	-15
Elektrowatt	2,720	-5
Fischer (Geo)	620	......
Genevoise	3,490	......
Hoff Roche PtCts	89,500	-250
Hoff Roche 1/10	8,925	......
Jacobs Suchard	5,990	+10
Jelmoli	1,750	+10
Landis & Gyr	1,380	+5
Nestle	3,970	-5
Oer Buehrle	1,460	......
Pirelli	257	+1
Sandoz (Br)	6,525	+25
Sandoz (PtCts)	1,055	-5
Schindler (PtCts)	435	+10
Swissair	880	-5
Swiss Bank	307	+1
Swiss Reinsce	6,750	-50
Swiss Volksbk	1,405	......
Union Bank	3,210	+10
Winterthur	2,790	......
Zurich Ins	16 400	......

AUSTRALIA

Sept. 20	Price Aust. $	+ or —
ANZ Group	5.38	-0.04
Acrow Aust.	1.25	......
A.O.D.	1.02	-0.04
Ampol Pet.	2.05	+0.04
Assoc Pulp Pap.	1.85§	
Aust Cons Ind.	1.55	-0.01
Aust. Guarant.	2.45	-0.05
Aust. Nat. Inds.	2.68	-0.02
Aust. Paper	2.12	......
Bond Hldgs	1.35	
Boral	3.2	
Bl'ville Copper	2.7	-0.08
Brambles Inds.	2.97	0.05
Bridge Oil	3.3	0.1
BHP	12.4	0.15
CRA	5.94	0.02
CSR	4.16	0.02
Carlton & Utd.	3.0	-0.05
Castlemaine Tys.	4.05	
Coles (G.J.)	3.32	0.08
Comalco	3.1	0.2
Consolidated Pet	0.45	-0.03
Costain	1.52	
Dunlop	1.33	0.02
E.Z. Ind.	6	
Elders IXL	4.35	
Energy Res	1.85	
Gen Prop Trust	1.78	
Griffin Coal	6.3	
Hardie (J.)	4.1	+0.05
Hartogen Energy	3	-0.1
Herald W'y Times	2.75	-0.05
ICI Aust.	1.93	+0.01
Jimb'lana (50cFP)	0.27	+0.02
Kia Ora Gold	0.26	+0.01
Lend Lease	6.1	-0.04
MIM	4.18	0.02
Mayne Nickless	2.95	
Meekatharra Ms	1.45	-0.07
Myer Emp.	1.55	
Nat. Aus. Bk.	3.28	-0.01
News	9.5	
Nicholas Kiwi	2.80	-0.05
North Bkn Hill	3.3	
Oakbridge	1.29	+0.01
Otter Expl	0.85	
Pancon	1.71	-0.01
Pioneer Conc	1.83	
Reckitt & Coln	2.35	
Repco	1.18	0.02
Santos	8.24	
Smith (H.)	4.05	-0.05
Southland Min'g.	0.35	
Spargos Expl	0.7	-0.05
Thos Natwide.	1.87	-0.01
Tooth	4.25	+0.05
UMAL Cons	2.1	0.05
Vamgas	5.8	-0.1
Western Mining	4.72	-0.04
Westpac	3.36	-0.04
Woodside Petrol.	1.51	-0.02
Woolworths	2.5	
Wormald Intl	3.05	

HONG KONG

Sept. 20	Price H.K.$	+ or —
Bank East Asia	23.6	-0.7
Carrian Invest.	0.87	
Cheung Kong	12	-0.4
China Light	12	[illegible]
Hang Lung Devel.	2.10	[illegible]
Hang Seng Bank	39.5	[illegible]
HK Electric	5.1	
HK Kowloon Wh.	3.4	-0.02
HK Land	3.02	
HK Shanghai Bk.	7.0	+0.1
HK Telephone	31.25	-0.75
Hutchison Wpa	11.1	-0.1
Jardine Math	12.0	
New World Dev.	2.57	
Orient O'seas	2.67	
O'seas Trust Bk.	3.57	[illegible]
SHK Props.	5.15	-0.05
Swire Pac A	12.2	-0.4
Wheel'k Mard A	2.85	-0.05
Wheel'k Marit'e	1.90	
World Int. Holdgs	1.59	-0.01

JAPAN

Sept. 20	Price Yen	+ or —
Ajinomoto	1,030	
Alps Electric	2,730	+40
Amada	755	+5
Asahi Chem	378	-4
Asahi Glass	595	+10
Bridgestone	480	+2
Canon	1,430	+40
Casio Comp	1,540	+40
Chugai Pharm	1,160	
Citizen	638	+4
Daiei	622	
Dai Nippon Ptg	812	+3
Daiwa House	514	+6
Ebara	325	
Eisai	1,580	+20
Fanuc	7,360	[illegible]
Fuji Bank	500	
Fuji Film	2,220	+120
Fujisawa	900	+20
Fujitsu	1,420	+50
Green Cross	1,790	+10
Hasegawa	460	+5
Heiwa Real Est.	576	+9
Hitachi	883	+22
Hitachi Credit	1,190	+10
Honda	896	+8
House Food	935	+4
Hoya	1,330	+30
Itoh (C.)	285	+8
Ito Yokado	1,390	+10
Iwatsu	1,650	+70
JACCS	345	+5
JAL	2,400	-40
Jusco	759	-8
Kajima	317	-1
Kao Soap	579	-4
Kashiyama	640	+4
Kirin	410	......
Kokuyo	895	......
Komatsu	517	......

JAPAN (continued)

Sept. 20	Price Yen	+ or —
Konishiroku	650	+6
Kubota	310	......
Kumagia	446	
Kyoto Ceramic	7,490	+60
Maeda Const	507	-3
Makino Milling	1,080	+70
Makita	1,300	+80
Marubeni	279	+4
Marudai	805	+22
Marui	1,020	......
MEI	1,640	+40
M'ta Elec Works	586	-1
M'bishi Bank	500	
M'bishi Corp	509	+2
M'bishi Elec	420	+7
M'bishi Estate	486	-2
MHI	260	+7
Mitsui Co	360	+2
Mitsui Estate	665	+9
Mitsukoshi	380	-7
NGK Insulators	589	+3
Nihon Cement	195	-3
Nippon Denso.	1,530	+30
Nippon Elect	1,440	+50
Nippon Express	272	+8
Nippon Gakki	639	+3
Nippon Kokan.	153	+4
Nippon Oil	995	-15
Nippon Seiko	598	+12
Nippon Shinpan.	639	-6
Nippon Steel	173	+7
Nippon Suisan.	319	+2
NTV	6,500	-190
Nippon Yusen	273	+15
Nissan Motor	715	-2
Nisshin Flour	390	
Nisshin Steel	150	+3
Nomura	736	+1
Olympus	1,190	-30
Omron Tateisi	1,710	-40
Orient Leasing	2,670	
Pioneer	2,990	+70
Renown	625	
Ricoh	928	+10
Sankyo	767	-2
Sanyo Elect	453	+10
Sapporo	371	+3
Sekisui Prefab	605	-5
Seven Eleven	5,150	+50
Sharp	1,410	+40
Shimadzu	511	+2
Shionogi	880	-8
Shiseido	1,060	-20
Sony	3,780	+150
Stanley	805	+7
S'tomo Elect	615	-5
S'tomo Marine	215	+3
S'tomo Metal	165	+2
Taihei Dengyo	535	+2
Taisei Corp	293	-1
Taisho Pharm	953	+2
Takeda	801	+2
TDK	3,250	+100
Teijin	347	+3
Teikoku Oil	788	+13
Tokio Marine	485	+16
TBS	750	-15
Tokyo Elect Pwr.	1,000	+10
Tokyo Gas	125	+2
Tokyo Sanyo	538	+7
Tokyo Style	635	+3
Tokyo Corp	395	+1
Toppan Print	560	+7
Toray	412	+8
Toshiba	380	+11
TOTO	465	
Toyo Seikan	610	
Toyota Motor	1,160	+20
Victor	2,490	+70
Wacoal	675	+5
Yamaha	490	+10
Yamanouchi	3,780	+50
Yamazaki	700	+5
Yasuda Fire	227	+5
Yokogawa	460	+15

SINGAPORE

Sept. 20	Price $	+ or —
Boustead Bhd	2.98	-0.02
Cold Storage	5.45	+0.05
DBS	9.15	+0.15
Fraser & Neave	6.2	+0.1
Genting	7.5	+0.05
Haw Par	2.83	
Inchcape Bhd	3.06	-0.02
Malay Banking	9.5	-0.05
Malay Brew	[illegible]	
OCBC	10.7	+0.1
Sime Darby	2.35	
Straits Steamship	1.83	
Straits Trdg	5.5	
UOB	5.3	-0.05

SOUTH AFRICA

Sept. 20	Price Rand	+ or —
Abercom	2.7	+0.05
AE & CI	9.35	
Anglo Am Coal	[illegible]	
Anglo Am	28.9	-0.1
Anglo Am Gold	[illegible]	
Barclays Bank	17.1	+0.05
Barlow Rand	13.85	+0.05
Buffels	67.75	
CNA Gallo	5.00	
Curre Finance	[illegible]	
De Beers	10.85	-0.05
Driefontein	39	+0.5
FS Geduld	33.5	
Gold Fields SA	139	+0.5
Highveld Steel	6.15	
Nedbank	14.15	
OK Bazaars	24.25	
Protea Hldgs	4.05	-0.15
Rembrandt	25.25	+0.25
Rennies	14	......
Rustenburg	12.35	-0.05
Sage Hldgs	6.8	......
SA Brews	7.6	-0.05
Smith (C.G.)	23.4	......
Tongaat Huletts	9.1	......
Unisec	5.80	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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Indices

NEW YORK-DOW JONES

	Sep 20	Sep 19	Sep 16	Sep 15	Sep 14	Sep 13	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1249.19	1233.84	1225.71	1215.04	1229.47	1224.86	[illegible]	[illegible]	[illegible]	41.22 (2/7/32)
Transport	590.94	582.84	572.73	561.4	563.69	561.05	[illegible]	[illegible]	[illegible]	12.23 (8/7/32)
Utilities	133.19	131.49	131.89	132.13	131.74	131.21	[illegible]	[illegible]	[illegible]	10.50 (28/4/42)
Trading vol 000's	18385	8663	7993	7892	7363	7387				

	Sep 16	Aug 19	Aug 12	(Year Ago Approx)
Ind. div. yield %	4.63	4.46	4.49	5.84

STANDARD AND POORS

	Sep 20	Sep 19	Sep 16	Sep 15	Sep 14	Sep 13	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	190.72	188.94	187.38	185.26	186.45	185.81	[illegible]	[illegible]	[illegible]	3.52 (30/6/32)
Composite	169.25	167.52	166.24	164.38	165.35	164.8	[illegible]	[illegible]	[illegible]	4.4 (1/6/32)

	Aug 24	Aug 17	Aug 10	Year Ago (Approx)
Ind. div. yield %	4.06	3.95	4.04	5.45
Ind. P/E Ratio	14.82	14.39	14.33	8.20
Long Gov. Bond Yield	11.40	11.43	11.69	11.82

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

	Sep 20	Sep 19	Sep 16
Issues traded	[illegible]	[illegible]	1925
Rises	[illegible]	[illegible]	997
Falls	[illegible]	[illegible]	552
Unchanged	[illegible]	[illegible]	376

MONTREAL

	Sep 20	Sep 19	Sep 16	Sep 15	High	Low
Industrials	[illegible]					29.12 (4/1)
Combined	[illegible]					19.45 (5/...)
TORONTO Composite	[illegible]					349.8 (4/1)

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Sept. 20	Sept. 19	Sept. 16	Sept. 15	1983 High	1983 Low
AUSTRALIA						
All Ord. (1/1/80)	715.5	717.1	716.4	724.4	736.7 (12/9)	487.8 (4/1)
Metals & Mins. (1/1/80)	580.4	581.2	577.8	587.0	614.2 (5/9)	411.8 (4/1)
AUSTRIA						
Credit Aktien (2/1/62)	55.02	55.05	55.12	55.20	59.8 (5/5)	48.48 (15/2)
BELGIUM						
Belgian SE (31/12/63)	129.92	130.35	131.18	131.34	134.45 (1/8)	100.50 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	196.60	202.44	(u)	200.08	204.22 (13/9)	100.00 (3/1)
FRANCE						
CAC General (31/12/82)	135.87	134.2	133.7	132.9	137.7 (25/8)	96.1 (3/1)
Ind Tendance (31/12/82)	145.7	144.0	142.6	141.9	146.3 (24/8)	98.9 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	312.51	309.77	308.38	309.48	331.65 (7/7)	241.89 (26/1)
Commerzbank (Dec1953)	927.8	919.0	915.2	917.7	986.3 (7/7)	727.5 (25/1)
HONG KONG						
Hang Seng Bank (31/7/64)	836.59	842.25	818.11	898.66	1102.84 (21/7)	781.61 (4/1)
ITALY						
Banca Comm Ital. (1972)	193.78	197.57	196.21	196.73	214.93 (27/5)	160.45 (10/1)
JAPAN**						
Dow Average (16/5/49)	9254.15	9141.25	9195.66	(c)	9355.86 (7/9)	7803.18 (25/1)
Tokyo New SE (4/1/68)	680.99	674.85	677.12	(c)	688.55 (7/9)	574.51 (25/1)
NETHERLANDS						
ANP-CBS General (1970)	139.7	139.3	137.8	138.6	143.4 (22/8)	100.1 (4/1)
ANP CBS Indust (1970)	111.2	110.6	109.6	110.5	116.5 (22/8)	83.5 (4/1)
NORWAY						
Oslo SE (4/1/83)	210.81	210.64	210.19	212.12	214.45 (16/8)	99.91 (4/1)
SINGAPORE						
Straights Times (1966)	968.35	965.41	995.85	965.40	992.62 (25/8)	712.29 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	910.2	898.6	899.7	1099.5 (1/2)	694.3 (28/5)
Industrial (1958)	(u)	952.0	951.7	949.9	988.7 (26/5)	740.3 (3/1)
SPAIN						
Madrid SE (31/12/82)	114.40	(c)	115.37	115.88	120.62 (13/7)	88.32 (11/1)
SWEDEN						
Jacobson & P. (1/1/58)	(u)	1445.61	1474.25	1508.48	1528.60 (8/9)	896.16 (5/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	338.9	338.4	336.2	336.1	347.0 (4/8)	294.4 (4/1)
WORLD						
Capital Intl. (1/1/70)	-	179.9	178.8	177.8	189.7 (22/6)	164.3 (5/1)

(**) Saturday Sept 17: Japan Dow 9182.07, TSE 676.64.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. †Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Interest falters as market awaits BP tender result

Gilts below best—equities quieter

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Sept 5	Sept 15	Sept 16	Sept 26
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets became much quieter after Monday's upsurge on lower interest rate hopes as investors adopted a more cautious approach awaiting the result of the BP tender offer.

Gilt-edged, which led the market higher on Monday, met further demand initially. Buyers pushed prices higher as conditions in money markets eased to further prompt hopes of a cut in clearing bank base rates in the near future. Although on a much smaller scale, demand was again sufficient to enable the Government Broker to sell more of his Treasury 10 per cent short-dated £20-paid tap stock, this time at 20¼, ⅛ higher than the previous day's transactions. Elsewhere, in the shorts, closing gains also ranged to ⅛, after ¼, while longer-dated issues recorded improvements extended to ⅜ after having been up to ⅝ better initially.

Jobbers marked leading equities higher at the outset in sympathy with Wall Street's overnight rise. But lack of follow-through support and sporadic small offerings led to a downward drift in quiet trading.

After Monday's 11 point rise, the Financial Times Industrial Ordinary share index put on 2.5 at 10 am but was a net 1.4 down at noon; this was the day's lowest and the index rallied with the help of U.S. influences to close only 0.1 down on the day at 705.2.

Features were fewer than of late. Housebuilders Barratt Developments gave ground on disappointment with the results which came at the lower end of the estimated range, while UBM rose in response to the increased bid from Norcros.

Hong Kong shares quoted on the London Exchange regained some composure after Monday's setback on revived concern about the colony's future, but Cable and Wireless took a turn for the worse on nervous selling fuelled by concern about the group's interests in the colony.

Gold shares took the previous day's technical rally a modest stage further with the FT Gold Mines index picking up 5.5 to 653.1.

Bk. Scotland up

Clearing Banks attracted small support and NatWest rose 8 to 618p, while Lloyds and Midland gained 5 apiece, to 510p and 435p respectively. Rejuvenated by increased half-year profits, Bank of Scotland advanced 12 to 510p, but merchant bank Kleinwort Benson Lonsdale fell 17 to 348p following the full-year profits warning. Among Hire Purchases, Moorgate Mercantile moved up 2 to 29½p on revived speculative demand.

Composite Insurances generally closed higher, while broker Minet improved 2 further to 112p awaiting tomorrow's interim results.

Overlooked of late, the Brewery sector came in for occasional buying interest. Revived speculative demand left Scottish and Newcastle 4 firmer at 95p. Grand Metropolitan improved a like amount to 324p, while Bass rallied afresh to close 3 firmer at 315p. Elsewhere HP Bulmer improved 3 to 308p following a broker's recommendation.

News items and bid developments kept Buildings in the limelight. Barratt Developments' preliminary profits disappointed and the shares, strong on Monday, reacted to 216p on the announcement before support at the lower levels left the close 8 down on balance at 222p. On the bid front, UBM put on 7 to 128p following the increased shares and cash offer, worth 129½p, from Norcros, a penny firmer at 129p, after 127p; yesterday, a Norcros associate acquired 1.75m UBM shares at 125p per share. Edward Jones put on 4 to a peak of 38p; Nicholas Morris and Dr R. Petty recently acquired Centreway Industries' 23.7 per cent stake in the company and yesterday Dr Petty disclosed a beneficial holding of a further 500,000 shares.

Tarmac continued to respond to the 44 per cent interim profits expansion and firmed 4 for a two-day gain of 28 to 424p, while RMC, awaiting today's half-timer, also rose 4, to 350p. Among Timber issues, Meyer International found support and improved 4 to 148p, but Trent Holdings shed 9 to 186p on lack of interest.

A shade firmer at the outset, ICI slipped to 528p as business contracted, but picked up again on early Wall Street advices to close a couple of pence dearer on balance at 532p. Laporte attracted buyers in front of today's half-year results and firmed 4 to 311p.

Leading Stores experienced a lethargic session, but secondary issues often hardened a few pence. The encouraging view of second-half prospects offset H. Samuel's dismal interim results and the A shares improved 3 to 112p. Elsewhere, Mellins came under renewed pressure and closed 12 down at 100p.

Profit-taking lowered Monday's two high-fliers in Shoes with Strong and Fisher reacting to 60p before settling a net 5 down at 62p. Pittard, at 57p, surrendered 4 of the previous day's rise of 10 which followed the sharp first-half recovery.

Contrasting Electrical features embraced Cable and Wireless, down 16 at 452p, after 448p, on concern about the group's Hong Kong interests and Micro Focus, 50 higher at 670p following the agreement with IBM regarding personal computer software products; earlier this week, Micro Focus was granted an ADR facility for U.S. investors. Other secondary highlights included Tunstall, 10 higher at 180p, and Suter, which picked up 5 to 73p.

Activity in the Engineering sector failed to expand from recent low levels. Among the leaders, Hawker picked up a couple of pence more to 292p. Elsewhere, Ransomes Sims featured again with a fresh rise of 7 to 272p in response to the good interim results.

Attention in Foods was focused on Bishop's Group, the Ordinary jumping to 320p before closing a net 30 up at 290p, and the A touching 275p before setling 55 up on balance at 260p; in July, the company received approaches from unnamed parties expressing an interest in acquiring the group and details of bid terms are thought to be imminent. Other Food issues made an irregular showing. Tesco continued firmly, up another 3 to 166p, while Kwik Save edged up a penny to a 1983 peak of 333p. United Biscuits, however, shed 4 to 145p and S. & W. Berisford 3 to 168p. Rowntree Mackintosh hardened a couple of pence to 208p ahead of tomorrow's interim statement.

Consultants surge

The unwinding of speculative positions following Kennedy Brookes's agreed off for the company left Wheeler's Restaurants 20 easier at 490p; Kennedy Brookes also encountered profit taking and shed 15 to 240p.

Lack of further American demand caused Glaxo to ease back 10 to 810p, but other miscellaneous Industrial leaders held their ground. Associated British Ports continued higher to 213p, up 10, while Dalgety gained 12 to 392p, the latter following the preliminary statement. Consultants (Computer and Fin.) strengthened suddenly to close 50 higher at 475p; the movement was not thought to be connected with Micro Focus.

Dwek moved up 3 more to 22½p, still influenced by a tip sheet recommendation, while bid speculation lifted United Guarantee 4½ further to 47½p. Wolverhampton Steam Laundry found support and put on 4 to 54p, while Hanover Investments rose 10 to 167p after yesterday's annual meeting. In continued response to the increased first-half profits, Bodycote improved 3 to 54p.

Against the trend, UKO International gave up 7 more at 88p, unsettled by "take profits" advice. After recent strength, similar selling lowered Hoover "A" 10 to 197p and Bath and Portland 4 to 128p.

In the Leisure sector, Juliana's shed 5 to 340p despite the good interim results and the Board's confirmation that the company would meet its prospectus profit forecast. Intervision encountered selling and dipped to a 1983 low of 22p before closing a net 3 down at 23p.

After Monday's jump of 9, Dunlop slipped to 61p before settling just a penny cheaper on balance at 62p after comment on the prospective sale of a major part of the group's European tyre interests; details of the deal with Sumitomo are expected tomorrow when the company also unveils interim results.

Henlys featured Motors Distributors, rising 5 to 83p on speculative support.

The 85 per cent interim profits expansion and the Board's confident statement on second half prospects lifted advertising agency Boase Massimi Pollitt 10 to 365p.

Properties were unable to sustain early small gains, having turned a shade easier on balance by mid session. The tone, however, improved in the late dealings and the leaders finished a little firmer on the day. United Real rose 10 to 445p in response to the increased preliminary profits and property revaluation, while Cussins Property, dealt in the Unlisted Securities Market, gained the same amount to 215p following the interim statement.

Shippings made a firm showing, underlying sentiment being helped by the fall in laid-up shipping tonnage for the second successive month. Renewed support left British and Commonwealth up 10 more at 900p, with Caledonia Investments a like amount dearer at 800p. P & O Deferred, 224p, and Hunting Gibson, 95p, edged up 2 apiece.

Financials showed several useful features. Still reflecting the acquisition of a 29.6 per cent stake in the Canadian investment concern HCI Holdings, Aitken Hume advanced 28 further to 195p. Industrial Finance and Investment advanced 8 to 95p in response to good preliminary figures, while Bremar Trust, up a couple of pence more at 96p, continued to benefit from the petrol filling station deal with Elf Oil (GB).

Oils better late

Stimulated in the late dealings by yesterday's good opening performance on Wall Street, Oil shares ended on a firm note after an indecisive performance earlier in the day. BP finished a couple of pence dearer at 426p and Shell 4 up at 616p. Awaiting today's interim figures, Tricentrol closed a shade better at 240p. Some of the more speculative exploration issues were briskly traded; Atlantic Resources revived with a gain of 25 to 385p. Renewed demand left Moray Firth 5 to the good at 55p, after 60p, while Carless Capel came to life with a rise of 11 to 218p. Sun (UK) Royalty moved up 30 to 270p, but interest faded in Ohio Resources, which came back 16 to 98p.

Golds firmer

Mining markets took Monday's recovery movement a stage further but trading fell to minimal levels.

The overnight strength of the bullion price failed to follow-through in London—where gold closed a net 75 cents cheaper at $411.875—but overnight gains in New York were sufficient to lift gold share prices at the outset.

Thereafter, activity was subdued with scattered buying interest evident in early trading before profit-taking caused a minor downturn in the afternoon.

The Gold Mines index added 5.5 for a two-day gain of 11 points to 653.1.

Heavyweights were highlighted by Driefontein, which rose ½ to £23¼, while similar gains were recorded by Kloof, £32¾, Southvaal, £46⅛ and President Brand, £33⅛.

In the cheaper-priced issues, Loraine stood out with a jump of 70 to 556p following sizeable demand from Johannesburg.

Rio Tinto-Zinc ended 2 harder at 640p, after 642p, ahead of the interim results, due today; broker's estimates of RTZ's attributable earnings in the six months range from £75m to £88m.

Minorco's full-year results were regarded as satisfactory and the shares edged up 5 to 755p.

Australians generally closed a shade firmer but there was little substance to the upturn. Many of the speculative Golds returned to favour, notably Ivanhoe, a penny to the good at 16½p, Keywest, 1½p up at a 1983 high of 19½p, Otter, 3 better at 54½p and Sons of Gwalia, 3 firmer at 57p.

Not surprisingly, proceedings in the Traded Option market were again dominated by BP which attracted 567 deals ahead of the tender offer; the business comprised 299 calls and 268 puts—205 of the latter being done in the April 390 series. Overall, deals totalled 1,713, with 1,012 calls and 701 puts.

FINANCIAL TIMES STOCK INDICES

	Sept. 20	Sept. 19	Sept. 16	Sept. 15	Sept. 14	Sept. 13	year ago
Government Secs	81.86	81.71	81.15	80.82	80.82	80.82	78.58
Fixed Interest	83.86	83.66	83.31	83.14	83.09	83.11	79.14
Industrial Ord	705.2	705.3	694.2	696.9	698.8	695.8	576.2
Gold Mines	653.1	647.6	648.1	647.1	666.8	674.2	545.8
Ord. Div. Yield	4.85	4.85	4.92	4.91	4.88	4.89	5.03
Earnings, Yld.% (full)	9.57	9.57	9.72	9.69	96.3	9.77	11.14
P/E Ratio (net) (*)	13.06	13.07	12.87	12.90	12.98	12.75	10.77
Total bargains	20,584	20,586	19,698	19,532	18,634	19,744	16,977
Equity turnover £m	—	170.21	225.50	234.83	159.66	182.32	140.32
Equity bargains	—	19,329	19,063	15,969	14,048	15,833	13,587
Shares traded (ml)	—	114.3	156.9	137.7	106.5	116.9	97.1

10 am 707.8. 11 am 704.9. Noon 703.9. 1 pm 704.2. 2 pm 704.8. 3 pm 705.0.

Basis Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.28.

HIGHS AND LOWS / S.E. ACTIVITY

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low		Sept. 19	Sept. 16
Govt. Secs	83.60 (15/8)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains	183.6	139.4
Fixed Int.	84.74 (15/8)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	124.6	123.5
					Value	344.1	455.8
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)	5-day Avrge Gilt-Edged Bargains	148.1	146.4
Gold Mines	734.7 (15/2)	531.5 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	109.0	105.0
					Value	397.4	405.5

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (48)

BRITISH FUNDS (1)
Treasury 8½pc 1984-86

CORPORATION LOANS (1)
LCC 5½pc 1982-84

LOANS (1)
Inv. in Ind. 6¼pc 6½pc Db. 1981-84

FOREIGN BONDS (2)
Greek 7pc Ass; Greek 6pc 28 Sth. Ass

AMERICANS (2)
American Nat. Res.; First Chicago

BANKS (1)
Wells Fargo

BUILDINGS (3)
Benford Concrete; UBM Group; Jones (Edward)

STORES (2)
Combined English; Northern Goldsmiths

ELECTRICALS (5)
Fujitsu; Sound Diffusion; Micro Bus. Systems; Suter; Micro Focus

ENGINEERING (1)
Deritend Stamping

FOODS (4)
Bishop's Group; Kwik Save; Do. 'A' N/Vtg.; Linfood

INDUSTRIALS (13)
Assoc. Brit. Ports; Marling Inds.; Consultants (Comp. & Fin.); Midland Marts; Portals; Dominion Int'l.; Solicitors Law; Dwek Group; Sterling Inds.; Eastern Produce; Utd. Guarantee; Hanover Invs.; Widney

LEISURE (1)
GRA Group

PROPERTY (1)
Sarakreek Hldg. N.V.

TRUSTS (4)
Bremar Trust; Fleming Enterprise; Caledonia Invs.; G. T. Japan

OILS (1)
Charterhall

MINES (5)
Elandsrand Gold; York Res.; Keywest Expl'n.; Highwood Res.; Mincorp

NEW LOWS (20)

BREWERS (2)
Bell (A.) 9½pc Cnv. 1999-01; Distillers

BUILDINGS (1)
Glossop

ELECTRICALS (2)
CPU Computers; UEI

ENGINEERING (2)
Banro Inds.; Thyssen AG

INDUSTRIALS (5)
Airship Inds.; Mathesons 7¼pc Cnv. 1987-92; Blundell-Permoglaze; China Light & Power; Sheldon Jones

LEISURE (2)
Adam Leisure; Intervision Video

MOTORS (1)
Cowie (T.)

PROPERTY (2)
County Props.; Int'l Income Prop.

TEXTILES (1)
Notts. Manuf'g.

TRUSTS (1)
Jardine Secs.

MINES (1)
Zambia Copper

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	55	19	26
Corpns. Dom. and Foreign Bonds	26	4	48
Industrials	259	226	898
Financial and Props.	110	41	366
Oils	27	18	66
Plantations	2	4	15
Mines	59	39	67
Others	64	46	82
Totals	602	397	1,558

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 12	Sept 23	Dec 8	Dec 19
Sept 26	Oct 7	Dec 22	Jan 3
Oct 10	Oct 21	Jan 5	Jan 16

For rate indications see end of Share Information Service

Stocks to attract money for the call included JSD Computer, Premier Consolidated, ICL, Edenspring, Hongkong and Shanghai Banking, Moorgate Mercantile, London and Liverpool Trust, Intervision, KCA International, Dufay Bitumastic, MFI, ICL and Associated British Ports. No puts or double options were reported.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Glaxo	18	820	+45
Freshbake F'ds New	17	71	—
Dunlop	14	63	+9
A. & M. Hire New	13	21	—
BTR	13	528	+8
Real Time Cntrl	12	202	+12
GUS "A"	11	582	+9
Rank Org	11	188xd	+10
Beecham	10	335	+1
Dwek Group	10	19½	+5
LASMO	10	316xd	+17
Redland	10	234	+12
RTZ	10	638	+8
Std Tel Cables	10	274	+2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc British Ports	213	+10
Atlantic Res	385	+25
Barratt Dev	222	−8
Bishop's Group A	260	+55
Cable and Wireless	452	−16
Coalite (Cmp & Fin)	475	+50
Mellins	100	−12
Micro Focus	670	+50
Moray Firth Exp'n	55	+5
RTZ	640	−2
Strong and Fisher	62	−5
United Guarantee	47½	+4½

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Sept 20 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Sept 19 Index No.	Fri Sept 16 Index No.	Thur Sept 15 Index No.	Wed Sept 14 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	[illegible]									
... 99 ALL-SHARE INDEX (750)	[illegible]									

FIXED INTEREST PRICE INDICES	Tues Sept 20	Day's change %	Mon Sept 19	xd adj. today	xd adj. 1983 to date
British Government 1 5 years	[illegible]				
2 5-15 years	[illegible]				
3 Over 15 years	[illegible]				
4 Irredeemables	[illegible]				
5 All Stocks	[illegible]				
6 Debentures and Loans	[illegible]				
7 Preference	[illegible]				

AVERAGE GROSS REDEMPTION YIELDS	Tues Sept 20	Mon Sept 19	Year ago (approx)
British Government 1 Low Coupons 5 years	[illegible]		
2 15 years	[illegible]		
3 25 years	[illegible]		
4 Medium Coupons 5 years	[illegible]		
5 15 years	[illegible]		
6 25 years	[illegible]		
7 High Coupons 5 years	[illegible]		
8 15 years	[illegible]		
9 25 years	[illegible]		
10 Irredeemables	[illegible]		
11 Debs & Loans 5 years	[illegible]		
12 15 years	[illegible]		
13 25 years	[illegible]		
14 Preference	[illegible]		

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+or−	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+or−
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+or−
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Effective issue price after scrip. †† Formerly dealt in under special rule. ‡‡ Dealt in under Rule 163 (3).

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 10,170

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Brit. Petroleum (*426)	[illegible]					
Cons. Goldfields (*599)	[illegible]					
Courtaulds (*93)	[illegible]					
Commercial Union (*159)	[illegible]					
G.E.C. (*196)	[illegible]					
Grand Met. (*323)	[illegible]					
I.C.I. (*528)	[illegible]					
Land Securities (*312)	[illegible]					
Marks & Spencer (*204)	[illegible]					
Shell Transport (*616)	[illegible]					

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*474)	[illegible]					
Imperial Group (*116)	[illegible]					
LASMO (*316)	[illegible]					
Lonrho (*102)	[illegible]					
P. & O. (*224)	[illegible]					
Racal (*215)	[illegible]					
R.T.Z. (*639)	[illegible]					
Vaal Reefs (*$127)	[illegible]					

Option	Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
Beecham (*325)	[illegible]					
Guest Keen (*159)	[illegible]					

Sept. 20 Total Contracts 1,713 Calls 1,012 Puts 701

* Underlying security price.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102½	100½	Exch. 13½pc '83	100½	+½	13.43	9.17
100½	98½	Exch 10pc 1983	100½	+½	9.99	9.18
99¼	96¼	Funding 5½pc '82-84‡‡	99½		5.55	7.97
101¼	99½	Exch. 11¼pc 1984	100½		11.16	9.03
104½	100½	Exchequer 14pc 1984	102½		13.65	9.83
95⅝	92½	Exch. 3pc 1984	95⅝		3.14	9.15
102½	100½	Treasury 12pc 1984	102½xd	+½	11.74	9.67
107½	104½	Treasury 15pc 1985	106⅛	+½	14.13	10.18
107	101½	Exch 12pc Cnv. '85	102½xd		11.69	10.08
92½	88⅝	Treasury 3pc 1985	92¼	-⅛	3.25	8.04
102½	99½	Treasury 11½pc 1985	102½	-½	11.24	10.02
102	95	Treas 8¼pc Cnv '85	98½		8.88	9.54
103½	100⅛	Exch. 12¼pc 1985	103½	-½	11.86	10.44
102½	99½	Exch. 11¼pc '86	102½	-½	11.48	10.61
101⅛	97¼	Treas 10pc Cnv 1986	100½	+½	9.96	9.82
88½	85⅝	Treasury 3pc 1986	87½	+¼	3.43	8.34
101½	97½	Exch. 10½pc Cv '86	100½	+½	10.49	10.44
103½	100½	Treasury 12pc '86	102½	-½	11.70	10.78
95½	94⅛	Treasury 8½pc '84-86‡‡	95½	+⅛	8.90	10.36
114	103¼	Treas 12½pc '86 Cnv	108½		11.29	8.74
109½	105½	Exch. 14pc 1986	107⅛	+½	13.07	11.14
107½	103⅝	Exch. 13¼pc 1987	105½		12.54	11.12
98½	95⅛	Tr 10¼pc Cv '87	98½	-½	10.41	10.78
84½	80¼	Exchequer 2½pc 1987	81½	-⅛	3.07	8.90
100½	95⅞	Exch 10½pc 1987	98½xd	+½	10.65	10.96
93¼	88⅛	Funding 6½pc '85-87‡‡	88½	+⅛	7.34	10.38
20⅝	20	Treas 10pc '87 (£20pd)	20½	-¼	10.27	10.87
86	80¼	Treasury 3pc 1987	81⅝		3.67	8.76
104⅝	99⅞	Treas 12pc 1987	102½	+½	11.71	11.21
93¼	89⅛	Treasury 7¾pc '85-88‡‡	90⅛		8.59	10.62
101½	95½	Exch 10½pc '88	98½	+½	10.69	11.02
81½	75¼	Transport 3pc '78-88	77⅝	+⅛	3.87	8.83

Five to Fifteen Years

1983 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
96¼	90¼	Treas. 9½pc '88	92⅞xd	+⅛	10.13	11.15
104⅝	95¼	Treasury 11½pc 1989	101⅝	+⅛	11.42	11.31
100⅝	94¼	Treas 10½pc 1989	100⅛	+⅛	10.88	11.32
83¼	76	Treasury 5pc '86-89	78¼xd	-¼	6.36	9.73
112½	103	Treasury 13pc 1990‡‡	109½	+⅛	12.14	11.37
108¼	100⅞	Exch 12½pc 1990	105xd	+¼	11.90	11.39
92	86¼	Treasury 8¼pc '87-90‡‡	90⅜		9.32	10.66
106¼	97	Treasury 11¾pc 1991	103½	+¼	11.59	11.44
83	74⅛	Funding 5¾pc '87-91‡‡	77½xd	+⅛	7.40	10.03
103	95⅞	Exch 11pc 1991	97¾xd	+¼	11.14	11.24
114⅛	102	Treasury 12¾pc '92‡‡	109½	+¼	11.87	11.34
99⅝	88¼	Treasury 10pc 1992	96	+⅛	10.51	10.88
110¼	98½	Exch 12¼pc '92	105⅜	+⅛	11.70	11.38
116	106½	Exchequer 13½pc '92	110¼xd	+¼	12.19	11.54
113¼	101¼	Treasury 12½pc '93‡‡	109	+⅛	11.72	11.34
79⅛	71	Funding 6pc 1993‡‡	75¼	+⅛	7.98	9.99
120¼	110½	Treasury 13¾pc 1993‡‡	118⅛	+⅛	12.12	11.44
125¼	112⅛	Treasury 14½pc '94‡‡	119⅝	+¼	12.20	11.37
117⅝	109½	Exchequer 13½pc 1994	111¼xd	+¼	11.99	11.43
113⅞	100½	Exch 12½pc 1994	108	+¼	11.69	11.36
94⅛	86¼	Treasury 9pc '94‡‡	92¼	+¼	10.04	10.59
112	98	Treasury 12pc '95	106¼	+⅛	11.50	11.29
65	61½	Gas 3pc '90-95	65		4.70	7.79
101¼	88¼	Exch 10¼pc 1995	97¼	+¼	10.73	10.92
116¼	106⅛	Treasury 12¼pc '95‡‡	114¼	+⅛	11.57	11.17
126⅛	110	Treas 14pc '96	119½	+⅛	11.95	11.36
93⅛	83¼	Treasury 9pc '92-96‡‡	89½	+¼	10.07	10.56
132⅛	121¼	Treasury 15¼pc '96‡‡	132	+¼	12.09	11.38
121⅛	109¼	Exchequer 13¼pc '96‡‡	119⅛	+⅛	11.55	11.05
69¼	58	Redemption 3pc 1986-96	69¼xd		4.33	6.53
123⅝	107	Treasury 13¼pc '97‡‡	117¼	+¼	11.52	11.05
103⅞	89½	Exchequer 10½pc 1997	98¼	+⅛	10.73	10.80
92	80½	Treasury 8¾pc 1997‡‡	88⅛	+⅛	9.98	10.45
131⅛	120¼	Exch. 15pc 1997	124⅝xd	+⅛	11.89	11.27
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS
Public Board and Ind.

[illegible]

LOANS—continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

FT LONDON SHARE INFORMATION SERVICE

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
23	9¾	Keep Trust 5p	13¾	−¼	‡0.15	—	‡	—
210	140	Kelsey Inds.	185	......	8.0	1.7	6.2	12.7
155	110	Kershaw (A.) 5p	150xd	......	‡15.0	0.6	‡	(22.6)
67	39	Kleen-E-Ze Hldgs.	67	......	3.0	♦	6.4	♦
101	52	L.C.P. Hldgs.	95	−1	3.6	2.2	5.4	(21.4)
32	14	LDH Group	26	...	—	—	—	—
132	93	L.R.C. Int. 10p	114xd	+1	b2.95	2.3	3.7	14.9
32	17	Lamont Hldgs. 10p	29	......	1.3	1.8	6.4	11.4
40	26	Lawtex	34	......	—	—	—	—
480	345	Leo Group 10p	475	......	17.5	0.3	5.3	65.8
36	22	Lilleshall 10p	35	......	d1.0	—	4.1	—
185	61	Lon. & Liv. 10p	66	......	b2.75	3.5	6.0	5.9
140	102	London & Mid'd.	120	......	7.75	1.1	9.2	13.5
*110½	38	Lon. & Nthn. Grp.	66	−2	F4.2	♦	9.1	9.3
40	23	Lon. Pre Health	27	......	—	—	—	13.5
65	46	Longton Inds.	58	......	1.0	—	2.5	—
120	70	Low & Bonar 50p	106	......	†5.0	2.8	6.9	(5.8)
48	32½	MCD Group	46½	......	u1.0	2.2	3.1	21.2
87	62	MMT Computing 5p	80	......	d1.68	2.6	3.0	18.6
26	16	M.Y. Dart. 10p	22½	+½	0.1	—	0.6	—
212	134	M'c'rthy Pb. 20p	136	+2	7.0	2.7	7.4	6.4
148	128	Macfarlane Gp.	147xd	......	†3.52	2.1	3.4	18.0
46	33	Macllelan 20p	33	......	d1.5	1.6	6.5	11.8
63	48	Macpherson (D.)	49	......	4.2	0.6	12.2	(28.9)
56	41	Magnolia Group	52xd	......	2.3	3.2	6.3	6.1
180	65	Man. Ship Can. £1	135	......	3.5	6.8	3.8	4.1
73	48	Marley	66	+1	†2.5	0.5	5.4	(63.2)
44	30½	Marling Ind. 10p	44	+1	1.08	1.7	3.5	(19.8)
34	25	Marshall L'xy. 'A'	27	......	1.2	—	6.4	—
68	44	Marshall's Univ	45	......	B—	—	—	88.8
32½	23	Martin-Black	29	......	—	—	—	—
£130	£95	Mathesons 7¾%	£95	−9	Q7¾%	2.3	(8.2)	—
266	154	Metal Box £1	242	+4	11.55	1.8	6.8	(9.7)

LEISURE—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr
35½	14½	GRA Group 5p	35½	+1	—	—
58	45	Grampian TVA 10p	56	−1	3.6	2.9
167	136	HTV Non/Vtg.	167	......	11.0	2.0
222	125	Horizon	137	+2	†3.6	5.7
162	91	Intasun 10p	141	......	4.0	4.5
60	22	Intervision Video 10p	23	−3	1.0	2.3
370	258	Juliana's Hldgs 2p	340	−5	b4.9	2.4
174	139	LWT "A"	162	......	11.08	1.1
*147	64	Leisuretime Int 10p	65xd	......	g1.54	♦
132	108	Mngmt. Ag. M. 10p	115	−2	8.75	1.6
60	52	Medminster 10p	53	......	†4.0	0.8
170	110	Mim. World Grp 10p	145	......	b3.0	2.5
23	17½	Nationwide 5p	20½	......	—	—
128	53	Mussio Int 20c	70	−1	—	—
128	45½	Norton Opax 10p	120	......	t2.17	4.3
30	22½	Owners Abroad	28½	......	0.5	4.5
47	36	Photax (Lon.)	40	......	—	—
153	90	Pineapple Dance St 10p	105	......	u1.5	2.1
340	217½	Pleasurama 5p	308	......	t5.75	4.5
173	108	Radio City 'A' NV	125	......	g5.6	1.6
209	138	Riley Leisure 10p	192	......	3.95	1.7
132	84	Saga Hols. 20p	99	......	d3.73	—
515	345	Samuelson Grp £1	405	......	u12.0	2.8
108	94	Scott. TV 'A' 10p	104	−1	7.35	2.2
68	28	SelecTV 10p	42	......	—	—
24	15½	TSW 5p	20	−½	0.9	3.3
72	30	TVS N/Vtg 10p	72	......	—	—
29	19	Television Servs 10p	25	+1	b0.2	3.3
98	64	Trid'nt TV 'A' 10p	94½	......	†φ4.26	1.4
180	105	21st Century Dist	158	......	—	—
24	15	Webb (Jos.) 5p	18½	+½	d0.51	0.5
85	75	Zetters 5p	80xd	+1	3.10	♦

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

INSURANCES

LEISURE

MINES—continued

Australians

Tins

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	55	Admiral Mines	85	+20	—	—	—
90	34	♥Anglo-Dominion	85	......	—	—	—
93	54	♥Anglo Utd. Dev.	85	+7	—	—	—
169	60	♥Colby Res Corp.	150	......	—	—	—
530	315	Cons. Murch. 10c	525	−5	‡Q60c	1.9	‡
240	170	Hampton Areas 10p	228	+1	3.75	2.1	2.2
215	103	♥Highwood Res.	215	+3	—	—	—
£24½	£18	Homestake Mining $1	£22⅛	+¼	hQ20c	—	0.6
495	330	Northgate C$1	380	......	—	—	—
672	437	R.T.Z.	640	+2	t17.0	1.9	3.8
£147½	£108	Do. 9½% Cu.Ln. 95-2000	£138½	−1	Q9½%	21.4	7.0
190	13	♥Sabina Inds C$1	113	−2	—	—	—
		For Southwest Res see Oil & Gas					
710	312	♥Tara Expln $1	690	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ¢ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3)
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✫ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv. 20p	61xd	......
Bdg'wtr Est. 50p	275	......
Craig & Rose £1	£10½	......
Finlay Pkg. 5p	30	......
Graig Ship. £1	5½xc	......
Higsons Brew.	87	......
Holt (Jos) 25p	910	......
I.O.M. Stm. £1	145	−2
Pearce (C. H.)	475	......

IRISH

Stock	Price	+ or −
Nat. 9¾% 84/89	£87⅛	......
Fin. 13% 97/02	£95¼	......
Alliance Gas	88	......
Arnott	203	......
Carroll (P.J.)	107	−1
Concrete Prods.	73	......
Heiton (Hldgs.)	36	+1
Irish Ropes	33	......
Jacob	85	......
T.M.G.	68	......
Unidare	73	......

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	26	Utd. Drapery	14
BOC Grp.	22	I.C.I.	45	Vickers	12
B.S.R.	20	"Imps"	11	Woolworth Hld.	30
Babcock	18	I.C.L.	8½	**Property**	
Barclays Bank	45	Ladbroke	22	Brit. Land	8½
Beecham	32	Legal & Gen.	45	Cap. Counties	15
Blue Circle	40	Lex Service	36	Land Sec.	30
Boots	20	Lloyds Bank	48	MEPC	22
Bowaters	24	"Lofs"	3½	Peachey	16
Brit. Aerospace	19	London Brick	10	Samuel Props.	12
B.A.T.	14	Lucas Inds.	18	Town & City	5
Brown (J.)	4	"Mams"	12	**Oils**	
Burton Ord.	35	Mrks. & Spncr	20	Brit. Petroleum	40
Cadburys	11	Midland Bank	40	Burmah Oil	19
Courtaulds	10	N.E.I.	10	Charterhall	8
Debenhams	14	Nat. West. Bank	55	KCA	7
Distillers	22	P & O Dfd.	21	Premier	6½
Dunlop	6	Plessey	18	Shell	55
Eagle Star	45	Racal Elect.	45	Tricentrol	22
F.N.F.C.	6	R.H.M.	7	Ultramar	68
Gen. Accident	45	Rank Org. Ord.	20	**Mines**	
Gen. Electric	20	Reed Intnl.	32	Charter Cons.	30
Glaxo	75	Sears	8½	Cons. Gold	60
Grand Met.	32	T I	16	Lonrho	10
G.U.S. 'A'	50	Tesco	16	Rio T. Zinc	65
Guardian	50	Thorn EMI	55		
G.K.N.	18	Trusthouse	18		
Hawker Sidd	32	Turner & Newall	7		
		Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

Authorised Units—continued

[illegible]

Offshore and Overseas—continued

[illegible]

Insurances—continued

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. †† Only available to charitable bodies. ♦ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Frost, winds and freezing rain hit drought-ridden U.S. farmers

BY NANCY DUNNE IN WASHINGTON

AFTER enduring the worst drought in half a century, U.S. farmers are now threatened with new troubles—frost, high winds and freezing rain.

Their only consolation is that the unusual summer heat hastened the development of much of the crop, leaving it less vulnerable thn usual to early frost.

The Department of Agriculture said yesterday that last weekend's frost caused minor damage to maize and soyabeans in the North-West and Great Plains, but winds caused "extreme discomfort" to livestock, where many herds had already been decimated by the drought.

About 2 or 3 per cent of the nation's nijured soyabean crop was pronounced vulnerable to the frost and cold weather moving across the Midwest yesterday.

Carryover soyabean stocks are already expected to be dangerously low next year.

In Iowa, where crop losses are already expected to exceed $680m (£453m) about 85 per cent of the soyabean crop has reached maturity, but the rest could suffer more damage.

The cold weather was expected to moderate as it moves across the country, but rains, especially freezing rains, could hinder the already scanty harvest.

Our Commodities Staff writes: Prices on the Chicago grain and soyabean futures markets fell back again yesterday after the sharp gains recorded on Monday. The underlying mood remains "bullish," especially for soyabean products.

However, there has been heavy speculative participation in the recent upward surge in prices, so bouts of profit-taking bringing temporary setbacks in prices are considered inevitable. At the same time, much of the "bad news" about crop prospects has already been discounted.

● The U.S. agricultural counsellor in Brazil has lowered his forecast of Brazil's 1983-84 soyabean oil exports to 875,000 tonnes from the 900,000 tonnes forecast earlier, Reuter reports.

In a field report released yesterday, he raised his estimate of domestic soyabean oil consumption to 1,525,000 tonnes.

The report said the Cacex suspension of registration of new sales for export was based on an estimated soyabean oil availability of 800,000-850,000 tonnes.

Harvest figure 'over-optimistic'

By David Richardson

THE Ministry of Agriculture's 22m-tonne harvest estimate is over-optimistic, says Mr John Powling, an East Anglian seed merchant. He puts total tonnage at about 20m tonnes.

Many of Mr Powling's previous estimates have been higher than official estimates. Although they are usually close to the mark they have angered farmers for the depressing effect they thought his predictions had on prices.

This year, however, Mr Powling and grain merchants appear to agree that the ministry figures are at least 1m tonnes too high. Ukasta, the merchants' trade organisation, is to announce its harvest estimate on Monday and is expected to come out with a figure of about 20.3m.

FAO food supply warning

VIENNA — Falling grain production, rising grain prices, and U.S. and European agricultural policies are seriously harming the world food supply, said Mr Edourd Saouma, director-general of the UN Food and Agriculture Organisation (FAO).

FAO's latest forecast for 1983 world cereal production is 1,605m tonnes, 4 per cent less than last year. World coarse grain production is forecast at 700m tonnes, 13 per cent down on last year, he said.

World cereal stocks will also decline from last year's level of 31 per cent of total consumption needs to 18 per cent.

The projected fall in cereal production is due largely to deteriorating prospects for coarse grain crops in the U.S. after severe drought and the Payment-in-Kind (Pik) programme.

He said falling production has sharply lifted coarse grain export prices. U.S. maize and soyabean prices are about 50 per cent higher than a year ago, and U.S. export wheat prices have risen by about 10 per cent in the past two months, he said.

"The rising prices, together with the strengthening of the U.S. dollar, will make it even more difficult for low-income food-deficit countries to finance grain imports to meet their food needs," Mr Saouma said.

Food imports by the developing countries already total more than 100m tonnes per year.

Mr Saouma said the situation was further aggravated by pressure on world market prices caused by dumping of farm surpluses by "the same rich countries that already damage the vital export interests of poor nations by imposing protectionist barriers."

Copper at lowest level for 8 months

By John Edwards

COPPER prices fell to the lowest level for eight months on the London Metal Exchange yesterday. The higher grade cash price closed £6.5 down at £1,021 a tonne.

News of an 8.4 per cent rise in U.S. housing starts in August failed to bring any response. Nor did a report by the U.S. Bureau of Mines that American consumption of copper rose in June to 161,418 tonnes against 150,565 tonnes a year earlier.

More attention was paid to the easier trend in gold, which depressed metal markets generally. Cash zinc closed £3.5 down at £547 a tonne, but moved sharply lower in late after-hour dealings.

● NON-COMMUNIST primary aluminium production totalled 936,000 tonnes in August, up 18,000 tonnes from July and 72,000 from August 1982. The main monthly increase was in North America at 14,000 tonnes.

● WORKERS at Bolivia's leading Huanuni mine have declared an indefinite strike over pay demands.

● THE REAGAN Administration has urged Congressional approval of legislation allowing the Government to implement provisions of the International Coffee Agreement.

● THE U.S. Department of Agriculture has turned down a proposal by the Millers National Federation for an additional sale to Egypt of 390,000-450,000 tonnes of flour.

● METALS on the Rebound is the theme for the American Metal Market conference in London on October 10. Mr John Wright, chairman of St Joe Minerals, will speak on the outlook for lead and zinc, while Mr G. Frank Joklik, president of Kennecott, will assess copper prospects.

Channel Islands diversify export crops

Jersey and Guernsey wish to rely less on tomatoes
Anthony Moreton reports

A DESPERATE search is being undertaken in Guernsey and Jersey to find horticultural crops to replace tomatoes.

Guernsey's first autumn cucumbers are now arriving in the UK wholesale markets and growers confidently expect to ship more than 120,000 boxes by the end of the year.

The island has already been sending capsicums, aubergines and celery in increasing amounts. Last year, it sent 170,000 boxes abroad and this is expected to rise to 250,000 this year.

The first kiwi fruit grown in Guernsey went on sale in February in London's New Covent Garden wholesale market.

The drive for new produce follows the collapse of the tomato crop. For years this has been the main horticultural crop and while it is still the most important single glasshouse crop on both islands, production has been cut back severely as a result of rising fuel costs, cheap Dutch competition and rising freight and packaging costs.

As recently as 1980 Guernsey had 456 acres under glass and Jersey 80; now there are only 240 acres in Guernsey and around 50 in Jersey.

Before offshore banking arrived, tomatoes were the backbone of Guernsey's economy and an important ingredient in Jersey's; now they are only a minor contributor to each.

Although the growers have been under pressure for at least a decade four really bad years between 1979 and 1982 particularly depressed them. Exports—mostly to the UK, with a little trade in France—fell from some 7m trays (each containing 6 kgs) to 5.8m last year and probably not much over 4m this year.

When the industry was operating at its peak, in the late '60s and early '70s, exports were around 8.5m trays.

Growers who were sufficiently long-sighted to invest in new glass and new glasshouses in the early '70s have managed to weather the worst of the storm. Those who left it until after the first oil-price explosion late in 1974 have mostly been forced out of business.

To utilise greenhouse space and cut fuel costs the glasshouse owners have been looking for alternative crops—which need little or no heating.

In Jersey some of the older greenhouses have been put to use growing the island's famous potatoes.

This has been reasonably successful, even if the result was—as happened in the UK last Easter—that Jersey news cost about £1.25 a lb in the greengrocers.

The greatest drive for new crops has been in Guernsey though because of horticulture's greater importance.

The new crops are still in their infancy. They do not amount to much more than 50 acres in all in Guernsey out of the 737 acres under glass on the island at the end of last year.

The acreage in Jersey is even lower and early lettuce, courgettes, kohlrabi, parsley and beans are being tried but the industry's greatest hope lies in flowers.

Freesias, especially for the early spring and autumn months, are top of the list. Mr John Langlois, president of Guernsey's horticultural committee, says: "We have some of the best growing conditions for freesias in the world. The light is particularly good and while roses, for which we also have high hopes, need 45 per cent more heat than tomatoes the great advantage of freesias is that they need no heat other than what the sun provides."

There has been a sharp rise in the amount of glass given over to this fragrant flower. From 134 acres in 1981 it is expected that the amount will have risen to 163 acres this year.

Another 76 acres are being given over to roses and 45 acres to carnations, while irises, chrysanthemums, ferns, gerberas and other pot plants all have small acreages.

The other alternative, producing a tomato for the processing industry, has been investigated but dismissed as impracticable. The Guernsey tomato, a variety known as Dawn, is quite unsuitable for canning and both the U.S. and southern European countries can grow outdoor at low cost the big plum tomatoes the canners want. For Guernsey to enter the competition would involve considerable risk.

Growers in both islands know they have to produce and compete with minimal Government assistance because the States (or Governments) in both Guernsey and Jersey operate free-market-economy philosophies. There is some assistance in Guernsey—amounting to £600,000 a year—which largely goes to the producers of the early tomato crop.

This April, for instance, the break-even price was £7.09 a tray but the market price averaged only £4.59 so the States helped meet the difference.

Even so the horticulture industry is under great strain and is constrained even further by the UK being the only market with which it has a daily sea ferry service. Attempts to develop France as an outlet have foundered on the inability to improve the single sailing a week.

This is where the development of flowers offers hope. They can be sent reasonably economically by air to flower-conscius France and the northern European countries are suddenly within reach.

Jamaica unlikely to remove bauxite production levy

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government is unlikely to remove a controversial production levy imposed nine years ago on the North American companies mining and refining in the island.

"I do not think that any country could afford the social chaos that would result if the levy is removed," said Dr Carlton Davis, executive director of the Jamaica Bauxite Institute, a state agency which monitors the industry.

His statement came while the Government and the companies are preparing for negotiations on the levy which expires at the end of this year.

Alcan, Alcoa, Kaiser, Reynolds and Anaconda have argued that the levy, which is indexed to the price of aluminium ingots on the American metal market, has inflated their production costs, threatening to make their operations in Jamaica uncompetitive.

Industry sources expect the Government to seek agreement with the companies on a reduction of levy payments.

PRICE CHANGES

In tonnes unless stated otherwise

	Sept. 20 1983	+ or –	Month ago
Metals			
Aluminium	£1050		£1050
Free Mkt.	$1575/1605	–5	$1600/1650
Copper			
Cash h grade	£1021	–6.5	£1064
3 mths	£1048.75	–6.5	£1091.75
Cash Cathode	£990	–5.5	£1035
3 months	£1018	–6.5	£1059.5
Gold troy oz	$411.875	–0.75	$425.625
Lead Cash	£262.625	–1	£261.25
3 months	£272.75	–1	£271.75
Nickel	£4646.34		£4625.58
Free mkt	230/250c		220/250c
Palladium oz	$153.75	+2	$158.75
Platinum	$387.05	+0.15	$390.00
Quicksilver	$325/330		[illegible]
Silver troy oz	785.80p	–9.45	851.70p
3 mths	804.50p	–9.4	851.90p
Tin cash	£8485		£8481.5
3 mths	£8550.5		£8535.5
Tungsten	$73.17		$84.32
Wolfram 22.04 lb	$79/83		$72/77
Zinc Cash	£547	–3.5	£566.25
3 mths	£563.25	–4	£568.25
Producers	$880		$850

	Sept. 20 1983	+ or –	Month ago
Oils			
Coconut (Phil)	$960y	+15	$1025
Groundnut			
Linseed Crude	£521.60		
Palm Malayan	$670u	–15	$640
Seeds			
Copra Phil.			$655
Soyabean (U.S.)	$356.50v	+13.75	$343.25
Grains			
Barley Fut. Nov	£118.10	–0.25	£117.75
Maize	£154.50		£143.50
Wheat Fut. Nov	£122.50	–0.55	£120.55
No2 Hard Wint.	[illegible]		[illegible]
Other commodities			
Cocoa ship't	£1677.5	+43	£1667
Fut. Dec	£1585.5	+29.0	£1511.5
Coffee Ft. Nov	£1742.5		£1697.5
Cotton A.Index	89.50c		90.60c
Gas Oil Oct.	$267.50	+1.75	$260.5
Rubber (kilo)	69p		73p
Sugar (Raw)	$150y	+6	$172.5
Woolt'ps 64s	400p kilo		392kilo

§ Unquoted. z Aug-Sept. u Dec. y Sept-Oct. x Oct-Nov. v Oct. † Per 16 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or –
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.80	–0.02
Iranian Light	28.20-28.50	–0.02
Arabian Heavy	26.55-26.75	–0.05
North Sea (Forties)	30.40-30.45	–0.10
North Sea (Brent)	30.15-30.70	–0.05
African Bonny Lt'ht	30.50-31.00	–0.10
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	288-296	
Gas Oil	251-254	
Heavy fuel oil	167-169	

GAS OIL FUTURES

Prices opened $1.00 higher and met good buying in the morning. An unimpressed New York market and weaker physicals caused prices to move down again.

Month	Yest'day's close	+ or –	Business Done
	$ U.S. per tonne		
Sept	258.25	+0.25	254.25-53.25
Oct	257.50	+0.75	259.75-57.25
Nov	261.00	+0.25	262.75-60.75
Dec	265.25	+0.50	265.75-64.75
Jan	264.00	+1.75	264.50-63.00
Feb	256.00	–0.50	260.50-59.00
Mar	254.00	–1.00	257.50-57.00
Apr	254.50	+0.50	254.50-54.00
May	251.50		

Turnover: 1,199 (924) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1 to $411¾-412¼ on the London bullion market yesterday. It opened at $413¼-414¼, and was fixed at $413 in the morning, and $412.35 in the afternoon. The metal touched a peak of $413¼-414, and a low of $411-411½.

In Paris the 12½ kilo gold bar was fixed at FFr 107,000 per kilo ($413.62 per ounce) in the afternoon, compared with FFr 107,000 ($414.45) in the morning, and FFr 106,900 ($412.23) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,355 per kilo ($414.00 per ounce), against DM 35,235 ($411.01) previously, and closed unchanged at $412-412½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $413.50, against $409.55 on Monday.

In Zurich gold finished unchanged at $411-414.

	Sept. 20		Sept. 19	
Gold Bullion (fine ounce)				
Close	$411¾-412¼	(£272½-273)	$412¼-413	(£272½-274)
Opening	$413¼-414¼	(£274½-275¼)	$409-409¾	(£272-272½)
Morning fixing	$413	(£273.955)	$410.25	(£272.045)
Afternoon fixing	$412.35	(£273.889)	$412.25	(£274.011)
Gold Coins Sept. 20				
Krugrand	$424¼-425	(£281¼-281¾)	King Sov	$98-99½ (£65-66)
½ Krug	$220¼-219¾	(£144½-145¼)	Victoria Sov	$98-99½ (£65-66)
¼ Krug	$111¼-112¼	(£73¾-74¼)	French 20s	$82¼-84¼ (£54½-56)
1/10 Krug	$46-47	(£30-30½)	50 pesos Mex	$505-509 (£335¼-338)
Mapleleaf	$424¼-425	(£281-281¾)	100 Cor. Aust	$403-406 (£267-269)
New Sov	$97-97½	(£64¼-64¾)	$20 Eagles	$590-600 (£391-398)
½ New Sov	$57-58	(£38-39)		

LONDON FUTURES

Month	Yest'rday's close	+ or –	Business Done
	$ per troy ounce		
Sept	411.60-12.8	–1.55	
Oct	412.00-15.0	–1.05	414.00-14.5
Dec	419.00-19.2	–1.30	421.70-18.8
Feb	427.00-27.5	–0.85	428.50-27.2
Apr	429.70-31.0	–1.45	

Turnover: 571 (523) lots of 100 troy ounces.

EUROPEAN MARKETS

ROTTERDAM, Sept. 20.

Wheat—(US$ per tonne): U.S. Two Red Winter Oct 161.75, Nov 165.25, Dec 168. U.S. Northern Spring 14 per cent protein Sept 20/Oct 15 186, Oct 186, Nov 188, Dec 193, April/May 198. U.S. Three Amber Durum Sept 15/Oct 15 213, Oct 213, Nov 216, Nov 20/Dec 20 217, April/May 221.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 169, Sept 165, Oct 162.50, Nov 162, Dec 154.50, Jan-March 167.50, April-June 171, sellers. Argentine afloat 172, Sept 171, Oct 170, sellers.

Soybeans—(U.S. per tonne): Two Yellow Gulfports Oct 350.50, Nov 352, Dec 357, Jan 362.25, Feb 367, March 370.25, April 372.25, May 373, sellers. Argentine afloat 345, Sept 347, sellers.

Soyameal—(US$ per tonne): 44 per cent Oct 274, Nov 277.50, Dec 280, Nov/March 286, April/Sept 288 sellers. Pellets Brazil afloat 294, Sept 292, Oct 295.50, Nov 304, Dec 307, Oct/Dec 306, Jan/March 308 sellers. Pellets Argentine afloat 277, Oct 287.50, Nov 291.50, Dec 294.50 sellers.

PARIS, September 20.

Cocoa—(FFr per 10 kg): Sept 1765-1790, Dec 1845-1855, March 1890-1893, May 1900 bid, July 1915 bid, Sept 1940 bid, Dec 1960 bid. Sales at call: 1.

Sugar—(FFr per tonne): Dec 2175-2182, March 2420-2425, May 2515-2525, Aug 2630-2650, Oct 2700-2720, Dec 2755-2770. Sales at call: 10.

BRITISH COMMODITY MARKETS

BASE METALS

Monday's rally in base-metal prices on the London Metal Exchange proved short-lived. The absence of any worthwhile support prompted renewed weakness in Copper, which declined to £1,407 on the late Kerb, while Zinc attracted heavy selling from two quarters on the late Kerb and closed at £556.5, having held around £562 for most of the day. Buffer stock support held Tin around £8,530.

COPPER

COPPER	a.m. Official	+ or –	p.m. Unofficial	+ or –
High Grde	£	£	£	£
Cash	1022.5	+1.75	1020.5-1.5	–6.5
3 months	1049.5-50	+1.25	1048.5-9	–6.5
Settlem't	1077.5	+1.5		
Cathodes				
Cash	991.5	+4	989-91	–5.5
3 months	1018.5-9	+2.25	1017-9	–6.5
Settlem't	992	+4		
U.S. Prod			*76-7	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,023, three months £1,048.50, 49, 49.50, 50, 51, 50.50, 50. Cathodes: Cash £991, 90, three months £1,018.50. Kerb: Higher Grade: Three months £1,050, 49.50, 50. Afternoon: Higher Grade: Three months £1,051, 51.50, 52, 50.50, 50, 49, 48.50. Cathodes: Cash £991. Kerb: Higher Grade: Three months £1,049, 48.50, 48, 47, 48, 49, 48, 47.50, 47. Turnover: 29,575 tonnes.

TIN

TIN	a.m. Official	+ or –	p.m. Unofficial	+ or –
High Grde	£	£	£	£
Cash	8485-40	+5	8485-95	+5
3 months	8550-7	+8	8555-9	+4.5
Settlem't	8440	–5		
Standard				
Cash	8450-5	+5	8450-60	
3 months	8520-30	+2.5	8530-1	
Settlem't	8452	+1		
Straits E.	$329.73	+0.13		
New York				

Tin—Morning: Standard: Cash £8,430, 32, 30, three months £8,525. High Grade: Three months £8,530, 26. Kerb: Standard: Three months £8,530, 30. Afternoon: Standard: Three months £8,550, 25, 26, 28, 30, 31. High Grade: Three months £8,530, 35. Kerb: Standard: Three months £8,530. Turnover: 3,095 tonnes.

LEAD

LEAD	a.m. Official	+ or –	p.m. Unofficial	+ or –
	£	£	£	£
Cash	262.5	–1.25	262.5-.75	–1.12
3 months	272.5	–1.37	272.5-3	–1
Settlem't	262.75	–1.75		
U.S. Spot			*20-24	

Lead—Morning: Cash £262.75, 62.50, three months £274, 73, 72.50, 72. Kerb: Three months £272.5. Afternoon: Cash £262.50, three months £272.50, 73, 72.75, 73. Kerb: Three months £272, 72.50, 72. Turnover: 6,300 tonnes.

ZINC

ZINC	a.m. Official	+ or –	p.m. Unofficial	+ or –
	£	£	£	£
Cash	546.5-7.5	–4.25	546.5-7.5	–3.5
3 months	562.5	–4	563-.5	–4
Settlem't	547.5	–4		
Prmwst's			*46-.75	

Zinc—Morning: Three months £562, 63, 63.50, 63, 62.50, 62. Kerb: Three months £562. Afternoon: Three months £562, 62. Kerb: Three months £562, 61, 61.50, 62, 61, 60, 59, 56, 55, 56. Turnover: 9,250 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or –	p.m. Unofficial	+ or –
	£	£	£	£
Spot	1057.5	–1.25	1048-9	–7.5
3 months	1075.5-.5	–2.75	1077-.5	–5

Aluminium—Morning: Three months £1,073, 74, 75, 75.50, 76. Kerb: Three months £1,076, 75.50, 75. Afternoon: Three months £1,077, 78, 79, 78, 77.50, 77. Kerb: Three months £1,077, 78, 78.50, 78, 78.50, 78. Turnover: 13,375 tonnes.

NICKEL

NICKEL	a.m. Official	+ or –	p.m. Unofficial	+ or –
Spot	3266.5	–35	3262.7	–34
3 months	3346-50	–44.5	3347-50	–35.5

Nickel — Morning: Three months £3,360, 65, 50, 45, 48, 45, 48, 50. Kerb: Three months £3,345. Afternoon: Three months £3,356, 55, 52, 53, 51, 50. Kerb: Three months £3,345. Turnover: 4,482 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover: 117 (90) lots of 10,000 ozs. Morning: Three months 807.0, 05.0, 05.5, 05.0, 04.5, 04.7, 04.5. Kerb: Three months 806.5, 05.0, 06.0. Afternoon: Three months 807.5, 07.0, 08.0, 08.5. Kerb: Three months 808.0.

SILVER per troy oz.	Bullion fixing price	+ or –	L.M.E. p.m. Unoffic'l	+ or –
Spot	785.80p	–9.45	789.25p	–5.75
3 months	804.50p	–9.4	808.5p	–5.5
6 months	824.10p	–9.5		
12 months	861.00p	–11.7		

Silver was fixed 9.45p an ounce lower for spot delivery in the London bullion market yesterday at 785.8p. U.S. equivalents of the fixing levels were: spot $11.875, down 6.6c; three-month $12.167, down 8.6c; six-month $12.475, down 6.5c; and 12-month $13.07, down 8.7c. The metal opened at 782-794p ($11.98-12.02) and closed at 782-789p ($11.88-11.93).

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse 1900-1950.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 1.80-1.85.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse 1.17-1.25, 99.95 per cent, sticks 0.93-0.96.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 5.75-5.87.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 282-302.

MOLYBDENUM: European free market, canned molybdic oxide, $ per lb Mo, in warehouse 3.95-4.10.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse 4.20-4.75.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO₃, cif 79-82.

VANADIUM: European free market, min 98 per cent $ per lb V₂O₅ other sources, $ per lb V₂O₅, cif 2.30.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,760.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per lb, tonne lots in warehouse 2.30.

COBALT: World, Zaire: Sozacom, $ per lb 12.50.

NICKEL: World, Inco, melting grade $ per lb, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per lb U₃O₈ 24.00.

VANADIUM: Highveld fused min 98 per cent V₂O₅, $ per lb V₂O₅, cif 2.30.

ZINC: GOB producer basis, $ per tonne 880.

COCOA

Following an easier opening futures traded within a narrow range until the final hour when renewed buying lifted prices to the highs of the day. Physicals were once again largely neglected, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or –	Business Done
	£ per tonne		
Sept	1490-15	+40.0	1481-50
Dec	1585-86	+29.0	1585-61
March	1529-30	+14.5	1535-08
May	1536-30	+1.5	1532-00
July	1533-35	+10.5	1540-20
Sept	1544-45	–9.0	1550-36
Dec	1555-65	–5.0	1565-54

Sales: 4,449 (3,493) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound) Daily price for Sept. 20: 100.91 (100.36), five-day average for Sept. 21: 98.36 (98.40).

COFFEE

Despite opening higher in nearbys, persistent commission house selling in distants prompted a gradual retracement reports Drexel Burnham Lambert. However a stronger New York market encouraged additional trade buying with prices consolidating around opening levels.

COFFEE	Yest'day's close	+ or –	Business Done
	£ per tonne		
Sept	1760-68	+4.5	1775-53
Nov	1742-43	+5.0	1743-31
January	1717-19	+4.5	1720-09
March	1674-75	+1.5	1674-59
May	1648-50	+3.5	1653-42
July	1625-30	+8.5	1625-16
Sept	1610-12	+8.5	1612-07

Sales: 3,066 (2,036) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for September 19: Comp. daily 1979 127.29 (127.03); 15-day average 126.19 (126.14).

GRAINS

Business done—Wheat: Sept 121.60-20.75, Nov 123.20-2.30, Jan 125.65-5.00, Mar 128.65-7.80, May 131.85-30.80, July 134.50-3.55. Sales: 321 lots of 100 tonnes. Barley: Sept 115.50-5.00, Nov 118.70-7.90, Jan 121.80-1.10, Mar 124.15-4.00, May 126.30-6.75. Sales: 110 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or –	Yest'rday's close	+ or –
Sep	120.60	–0.85	115.00	–0.65
Nov	122.50	–0.65	118.10	–0.25
Jan	125.05	–0.65	121.15	–0.35
Mar	127.90	–0.65	123.60	–0.30
May	130.80	–0.85	125.85	–0.25
July	133.60	–0.75		

HGCA—Locational ex-farm spot prices. Other milling wheat: West Midlands 125.70. Feed wheat: South East 118.90, West Midlands 118.70, North West 122.00. Feed barley: East Midlands 115.70, North West 116.60. The UK monetary coefficient for the week beginning Monday September 26 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Oct 133.50, Nov 135.00, Dec 138.25 transhipment East Coast sellers. English feed fob Oct-Dec 127, Jan-March 132 sellers East Coast. Maize: French Oct 144.50, 2nd half Oct 145 transhipment East Coast seller. Barley: English feed fob Sept 118.50, Oct 122 East Coast, Sept 118.50 East Coast Scotland. Rest unquoted.

Wheat initially improved 40p on firm physical trade but met heavy profit-taking with buyers withdrawing rapidly as values fell for the rest of day to close on a weak note at about 90p down. Barley followed a similar pattern although never as volatile or liquid closing 20—30p down reports Muirpace.

POTATOES

The initial fall following lower Dutch futures moved April through the £200 level, triggering some stop loss selling, but good buying was evident at these lower prices and market rose quickly, recovering all of losses by lunchtime. Afternoon trade was quieter, remaining fairly steady.

Month	Yesday's close	Previous close	Business Done
	£ per tonne		
Nov	144.30	143.20	144.20-37.0
Feb	176.50	176.00	174.40-72.0
April	204.70	205.00	205.20-98.0
May	209.00	211.40	210.30-08.0
Nov	88.50	88.00	88.40

Turnover: 1,286 (822) lots of 40 tonnes.

RUBBER

The physical market opened lower, attracted limited trade throughout the day and closed quiet, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No. 1 was 250.50 (249.50) cents a kg and for SMR20 212.50 (same).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Oct	737-750	735-750	
Nov	740-750	733-745	
Oct-Dec	745-756	746-749	756-754
Jan-Mch	763-765	759-766	757-762
Apl-Jne	766-771	771-776	770
Jly-Sept	788-789	776-789	788
Oct-Dec	803-804	805-822	
Jan-Mch	820-822	820-836	
Apl-Jne	838-841	843-845	

Sales: 87 (128) lots of 15 tonnes; nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 74.00p (same); Oct 76.50p (76.25p); Nov 76.80p (76.75p).

SOYABEAN MEAL

The market opened £3.00 higher in mixed buying reports T. G. Roddick. Prices eased on commission house selling, closing on lows of the day.

	Yesterday's Close	+ or –	Business Done
	£ per tonne		
October	182.50-85.0	–0.25	184.50-83.50
Dec	181.00-81.50	+0.25	184.50-82.00
Feb	181.00-84.0	–2.0	185.00-82.50
April	182.00-82.50	–1.00	
June	181.00-85.0	–2.00	
August	183.00-85.0	–2.50	
October	182.00-85.0	–2.50	

Sales: 538 (166) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £150.00 ($144.00) a tonne for Sept-Oct-Nov shipment. White sugar £173.50 ($166.75).

Although the first trades were slightly above overnight levels the market was immediately under pressure from long liquidation and prices were soon £4.00 below the highs, reported by C. Czarnikow.

No. 4 Con-tract	Yest'day's close	Previous close	Business done
Oct	157.50-57.25	157.50-57.50	162.00-57.00
Dec	171.55-71.25	170.50-70.75	175.50-71.00
March	180.00-80.25	180.00-80.50	185.00-80.00
May	186.00-86.25	186.00-86.25	190.50-86.00

Sales: 4,679 (4,533) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £259.00 ($252.50) a tonne for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept. 19: Daily price 9.81 (9.94); 15-day average 9.68 (9.74).

COTTON

LIVERPOOL — No spot or shipment sales were recorded. The average cost of the raw material deterred users from operating freely, and only scattered purchases were fixed up in North American and Middle Eastern qualities.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 557.0, 558.0, 557.0-556.0; Dec 570.0, 571.0, 570.5-570.0; March 580.5, 587.0, 589.0-586.0; May 600.0, 602.0, untraded; July 610.0, 612.0, 610.0-610.0; Oct 617.0, 618.0, untraded; Dec 614.0, 617.0, 614.0-614.0; March 620.0, 625.0, 625.0-624.0. Sales: 59.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 423, 429, nil; Dec 422, 434, 423; Jan 422, 432, 422; March 431, 432, 431; May 440, 441, nil; Aug 450, 452, 451; Oct 454, 458, 456; Dec 461, 465, nil; Jan 463, 470, nil; March 471, 480, 475. Sales: 19.

JUTE

JUTE—C and F Dundee Oct BWC £296, BWD £264, BTB £332, BTC £297, BTD £261; C and F Dundee Oct BWC £296, BWD £258, BTC £296, BTD £260; C and F Dundee Sept 40 in 10 oz £14.43, 40 in 7·5 oz £11.14; B Twills £49.38.

INDICES

FINANCIAL TIMES

Sept. 19	Sept. 16	M'th ago	Y'ar ago
288.63	287.16	292.88	229.65

(Base: July 1 1952=100)

REUTERS

Sept. 20	Sept. 19	M'th ago	Y'ar ago
1879.1	1876.6	1911.6	1518.8

(Base: September 18 1931=100)

MOODY'S

Sept. 19	Sept. 16	M'th ago	Y'ar ago
1061.1	1056.9	1087.0	992.9

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Sept. 19	Sept. 16	Month ago	Year ago
Spot	142.75	141.70	147.77	126.05
Fut's	150.24	149.11	154.46	130.46

(December 31 1931=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.34p per kg lw (–0.98). GB—Sheep 130.33p per kg est dcw (–3.13). GB—Pigs 80.14p per kg lw (–2.68).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 80.0 to 84.0; Ulster hindquarters 88.0 to 98.0; forequarters 50.0 to 52.0; Eire hindquarters 88.0 to 92.0, forequarters 48.0 to 51.0. Veal: Dutch hinds and ends 144.0 to 148.0. Lamb: English small 84.0 to 87.0, medium 80.0 to 84.0, heavy 80.0 to 82.0. Imported: New Zealand PL 58.0 to 60.0; PX 57.5 to 58.5. Pork: English under 100 lb 58.0 to 58.0; 100-120 lb 56.0 to 58.0; 120-160 lb 50.0 to 58.0.

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £4.00-£5.00, codlings £2.80-£4.80; large haddock £4.00-£5.40, medium £3.00-£4.20, small £2.20-£3.00; large plaice £5.00, medium £5.00-£5.80, best small £4.50-£5.30; skinned dogfish (large) £10.00, medium £7.50; lemon sole (large) £11.00, small £7.00; rockfish £2.80; saithe £2.50-£3.00.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Minneolas—Outspan 5.00-6.00. Tangerines—Brazilian: Murcot, Sat 4.20-4.80; Australian: Ellendales 7.80-8.00. Oranges—Outspan: Valencia Lates 48 6.00, 48 6.80, 56 7.70, 72 7.80, 88 7.00, 112 6.10, 138 5.50, 150 5.00; Brazilian: Valencia Lates 5.50-6.00. Lemons—Outspan: carton 9.00-12.00; Uruguayan: carton 7.50-9.00; Spanish: 5 kg 3.20-3.80; Italian: carton 7.50-10.00; Turkish: 7.00-9.00.

English Produce: Apples—per pound, Bramley new season 0.11-0.13, Howgate Wonder 0.09, Tydeman's Worcester 0.10-0.14, Worcester Pearmain 0.11-0.16, Derby 0.10, Cox's 0.23-0.28, Russet 0.17-0.20. Pears—per pound, Williams 0.11-0.12, Conference 0.10-0.15. Strawberries—8 oz 0.40-0.50, according to condition. Raspberries—8 oz punnets 0.70-0.80, according to quality. Plums—per pound Victorias 0.20-0.25, Marjorie 0.18-0.20, Bush 0.10-0.11, Prune 0.15-0.16. New Potatoes—4.00-5.00. Mushrooms—per pound, open 0.60-0.70, closed 0.80-1.00. Lettuce—per tray, round 1.00-1.20, Webb's 2.20-2.40, Cos 1.80-2.00, Iceberg, per dozen 5.00-7.00. Onions—per 55 lb 3.80-4.00. Cabbages—per 25 lb Primo 3.40-3.80. Greens—28 lb, Kent 3.20-3.50. Cauliflowers—12s Lincoln 2.87-3.50. Cucumbers—2.40-3.00. Tomatoes—tom, Hothouse, 12 lb 4.00-5.00. Celery—3.50-4.00. Beetroots—28 lb 3.00. Turnips—28 lb 3.00. Swedes—28 lb 2.60-2.80. Sugar Peas—per pound 1.50-2.00. Capsicums—Green per pound 0.20-0.25. Corn cobs—each 0.08-0.14. Leeks—per pound 0.25-0.30. Carrots—28 lb 1.60-2.30. Parsnips—28 lb 3.00-3.50. Courgettes—per pound 0.40-0.50. Stick beans—per pound 0.40-0.50. Sprouts—per pound 0.25-0.28.

AMERICAN MARKETS

Precious metals were under light selling pressure as both gold and silver failed to follow through on yesterday's recovery. Also the markets were adversely affected by the negative performance of currencies and light dealer selling. Copper prices collapsed on long liquidation as selling pressure continued to grow. Technically speaking the market has suffered major damage and will require considerable work before it can be viewed constructively again. Sugar prices were sharply lower on commission house liquidation and trade selling. Cotton came under pressure from profit-taking and from the market's inability to absorb hedging pressure. Heating oil was lower on anticipations of a seasonal build up in distillate stocks. The forecast of the season's first cold wave should have some impact on the market before the week is over. Cocoa continued its advance on further reports that the West African crop is falling short of earlier expectations. The coffee market advanced moderately on light roaster buying as the distribution trade is getting ready for better seasonal demand with the arrival of cold temperatures. Soyabeans and grains were moderately lower after a day of erratic moves which saw the local traders modestly trying to put the market under pressure. The unfavourable weather forecast ultimately provided support and forced some short covering on the close. Reported by Heinold Commodities.

NEW YORK

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	135.20	136.45	136.45	133.60
Dec	133.25	133.45	132.10	132.76
March	129.91	130.00	129.45	129.73
May	128.00	128.30	127.55	127.80
July	126.25	126.20	125.80	125.80
Sept	123.63	124.50	124.00	123.25
Dec	122.50	122.75	122.25	122.03

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Sept	69.20	70.30	69.20	70.75
Oct	69.50	—	—	70.75
Nov	69.90	—	—	71.25
Dec	70.40	71.80	70.30	72.15
Jan	71.60	72.10	71.95	72.80
March	72.70	74.15	72.10	74.40
May	74.00	75.80	74.50	75.85
July	75.65	77.10	75.60	77.25
Sept	77.45	78.40	77.70	78.70
Dec	79.45	80.60	79.70	80.65

COTTON 50,000 lbs, cents/lbs

	Close	High	Low	Prev
Oct	75.80	76.65	75.60	76.50
Dec	76.92	78.11	76.75	77.85
March	77.10	78.25	78.35	79.25
May	78.60	79.80	78.80	80.12
July	78.55	80.18	79.05	80.52
Oct	76.80	76.70	76.00	76.70
Dec	75.30	76.75	74.75	75.50
March	75.20	—	—	75.50

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	411.5	412.5	412.5	413.5
Oct	412.7	414.5	412.5	414.6
Nov	416.0	—	—	418.0
Dec	419.2	421.3	418.8	421.5
Feb	425.2	428.1	425.5	428.7
April	431.8	435.0	434.4	435.2
June	438.5	441.0	438.0	441.4
Aug	445.5	447.7	446.8	447.8
Oct	448.6	450.5	448.9	451.5
Dec	457.2	457.5	456.2	460.1

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Oct	84.30	84.90	84.10	84.90
Nov	85.49	86.10	85.40	86.00
Dec	86.41	87.20	86.55	87.10
Jan	85.90	86.80	86.25	86.71
Feb	86.24	87.10	86.20	87.01
March	85.40	85.80	85.00	85.80
April	83.30	—	—	83.30
May	82.55	82.80	82.60	82.80
June	82.40	82.80	82.92	82.80

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	118.75	119.00	117.70	117.70
Jan	112.50	112.95	112.20	112.15
March	112.50	112.80	112.00	112.15
May	112.25	112.85	112.00	112.15
July	112.50	112.20	112.10	112.00
Sept	112.60	112.00	112.00	112.20
Nov	110.40	110.40	110.40	110.10
Jan	109.00	109.00	109.00	109.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	430.0	434.0	434.0	433.2
Oct	430.1	434.5	430.1	434.8
Jan	435.1	439.5	435.5	439.6
April	440.1	444.5	442.0	444.5
July	445.7	449.5	448.0	450.2
Oct	452.7	455.0	455.0	457.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	1185.3	1197.0	1189.0	1195.6
Oct	1190.0	—	—	1199.8
Nov	1196.0	1222.0	1207.0	1205.6
Dec	1220.8	—	—	1223.2
Jan	1241.8	1253.0	1236.0	1249.0
March	1258.8	1271.0	1257.0	1274.8
May	1281.8	1290.0	1280.0	1291.0
July	1286.8	1298.0	—	1307.3
Sept	1308.0	1318.0	1313.0	1322.0
Dec	1341.0	1350.0	1339.0	1350.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Oct	9.33	10.10	9.80	10.00
Jan	10.05	10.50	10.30	10.50
March	10.81	11.30	10.75	11.25
May	11.17	11.66	11.15	11.65
July	11.44	11.92	11.44	11.93
Sept	11.63	12.04	11.60	12.04
Oct	11.85	12.29	11.85	12.35
Jan	12.30	—	—	12.65

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.67	58.72	58.42	58.67
Dec	59.67	59.85	59.37	59.60
Feb	59.82	60.05	59.55	60.05
April	62.60	63.17	62.65	63.12
June	64.50	64.75	64.35	64.57
Aug	63.65	63.90	63.50	64.00

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	42.32	42.87	41.65	41.65
Dec	42.82	43.00	42.15	42.37
Feb	46.00	46.45	45.60	46.05
April	47.27	47.50	46.60	47.02
June	52.25	52.35	51.85	51.95
July	54.10	54.50	53.80	54.00
Aug	53.20	54.00	53.20	53.25
Oct	52.00	52.00	51.25	51.50
Dec	53.60	54.50	53.40	53.70

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Sept	352.2	355.4	351.0	353.4
Dec	358.2	361.4	357.0	361.2
March	367.0	369.2	365.4	369.4
May	370.2	372.2	368.4	372.4
July	368.2	372.2	366.4	371.2
Sept	342.2	345.0	341.0	346.0
Dec	319.4	324.0	318.4	324.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	60.62	61.30	60.07	60.40
March	60.60	61.30	60.05	60.40
May	62.00	62.25	62.20	62.20
July	64.15	64.50	63.25	63.57
Aug	62.75	63.00	62.45	62.80

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	891.0	900.0	883.0	896.0
Nov	880.0	914.0	885.0	899.0
Jan	915.0	928.0	906.0	920.0
March	929.0	940.0	922.0	934.0
May	932.0	940.0	923.0	935.0
July	930.0	941.0	918.0	934.0
Aug	912.0	919.0	906.0	912.0
Sept	818.0	821.0	809.0	818.0
Nov	742.2	740.0	733.0	743.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	232.5	236.0	231.5	236.0
Oct	234.3	237.0	232.5	237.5
Dec	238.2	242.0	237.0	241.5
Jan	240.0	243.0	238.5	243.0
March	243.7	246.5	242.0	246.0
May	244.5	248.0	244.0	247.0
July	242.0	246.0	242.0	246.0
Aug	240.5	242.0	239.0	242.0
Sept	230.0	232.0	227.5	232.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Sept	34.05	34.70	34.00	34.37
Oct	34.25	34.75	33.35	34.67
Dec	34.42	34.95	34.25	34.77
Jan	34.50	35.10	34.30	34.86
March	34.55	35.10	34.30	34.95
May	34.90	35.35	34.65	35.05
July	33.75	34.20	33.50	33.60
Aug	30.50	31.05	30.45	30.75
Sept	28.00	28.45	27.85	28.10
Oct	27.50	27.85	27.50	27.85

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	357.0	370.0	365.0	368.0
Dec	380.4	387.0	380.4	386.2
March	402.2	408.0	401.2	407.0
May	406.0	410.0	404.0	408.4
July	397.4	401.4	396.4	400.4
Sept	405.0	409.0	405.0	408.0

SPOT PRICES—Chicago loose lard 22.50 (same) cents per pound. New York tin 595.00-598.00 (595.00-598.00) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firmer on Middle East tension

The dollar was firmer in currency markets yesterday, underpinned by continued fighting in Lebanon. There was also some apprehension ahead of the Federal authorities refunding package although the authorities intervened again yesterday to increase market liquidity.

Sterling continued to improve and may have attracted a restraining hand from the Bank of England from time to time.

DOLLAR — Trade weighted index (Bank of England) 128.1 against 122.6 six months ago. The latest figures on money supply have given rise to cautious optimism as M1 remains within the Fed's target range. The dollar had previously been at record levels on nervousness about higher interest rates as a result of the U.S. budget deficit and money supply growth.

The dollar closed at DM 2.6655 from DM 2.6615 against the D-mark and SwFr 2.1575 from SwFr 2.1540. Against the yen it finished at Y242.10 from Y241.80 and rose against the French franc to FFr 8.0525 from FFr 8.0465.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade weighted index 85.3 against 85.4 at noon and 85.3 at the opening and compared with 85.1 on Monday and 78.9 six months ago. The pound has been very steady recently despite earlier fears of a weakening against Continental currencies. This, coupled with hopes that higher U.S. interest rates may now be avoided, has encouraged speculation about lower London interest rates.

The pound opened at $1.5120-1.5130 and touched a high of $1.5165 before slipping in the afternoon to $1.5070. It recovered to close at $1.5090-1.5100, a rise of 10 points and its best level for nearly a month. Against the D-mark it rose to DM 4.0250 from DM 4.0175 and SwFr 3.26 from SwFr 3.2525. It was also higher in terms of the French franc at FFr 12.1525 compared with FFr 12.1350 and Y366 from Y365.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade-weighted index 125.9 against 131.3 six months ago. Until the recent easing of U.S. M1 money supply growth the D-mark had been at its lowest level against the dollar for nearly 10 years, reflecting the large differential between U.S. and German interest rates. A softer tone in U.S. rates, together with a rise in the German Lombard rate have served to narrow the gap however, as the Bundesbank has moved to counter excessive money supply growth.

The D-mark showed mixed changes at the Frankfurt fixing, improving against the dollar without any intervention by the Bundesbank. The U.S. currency fell to DM 2.6616 from DM 2.6658 as a result of lower interest rates after the Federal Reserve injected reserves into the New York money market on Monday. Sterling rose to DM 4.0190 from DM 4.0020 at the fixing, and the yen to DM 1.0990 per 100 yen from DM 1.0985.

JAPANESE YEN — Trading range against the dollar in 1983 is 246.90 to 226.80. August average 244.39. Trade-weighted index 148.4 against 143.7 six months ago. The yen remains close to its lowest level of the year against the dollar, reflecting strong commercial demand for the U.S. currency. The impact of improving U.S. money supply figures has been limited so far.

The yen was firmer against the dollar, with the U.S. currency falling to Y241.90 from Y243.15 in Tokyo. *It fell to a low of* Y241.75 in the morning, and also touched the day's peak before lunch at Y242.20. The dollar's decline followed suggestions by the U.S. Treasury Secretary that the Budget deficit may be less than $200bn. The D-mark remained weak against the yen, reflecting economic fundamentals, but is not expected to fall below Y90 at present.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9060	+2.24	+1.44	±1.5447
Danish Krone ...	8.14104	8.17431	+0.41	−0.39	±1.6425
German D-Mark	2.24184	2.27403	+1.44	+0.64	±1.0642
French Franc ...	6.87456	6.87266	−0.03	−0.83	±1.4052
Dutch Guilder ...	2.52595	2.54285	+0.66	−0.14	±1.4964
Irish Punt	0.72569	0.725591	−0.01	−0.81	±1.6699
Italian Lira	1403.49	1364.88	−2.75	−2.76	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Sept. 20	£	$		£ Note Rates
Argentina Peso	16.64-16.61	12.275-12.297	Austria	28.10-28.40
Australia Dollar	1.6940-1.6960	1.1220-1.1240	Belgium	81.75-82.55
Brazil Cruzeiro	1,055.5-1,056.7	698.0-701.0	Denmark	14.56-14.52
Finland Markka	8.5560-8.5690	5.6505-5.6580	France	12.05-12.21
Greek Drachma	140.30-140.90	92.00-95.50	Germany	4.00-4.04
Hong Kong Dollar	12.397-12.457	8.21-8.27	Italy	2385-2430
Iran Rial	131.40*	87.00*	Japan	365-370
Kuwait Dinar(KD)	0.4385-0.4400	0.29135-0.29145	Netherlands	4.47-4.51
Luxembourg Fr.	81.10-81.20	53.75-53.77	Norway	11.11-11.21
Malaysia Dollar	3.5440-3.5540	2.3475-2.3495	Portugal	182-202
New Zealand Dlr.	2.3000-2.3040	1.5250-1.5270	Spain	220-233
Saudi Arab. Riyal	5.2500-5.2565	3.4790-3.4810	Sweden	11.80-11.90
Singapore Dollar	3.2250-3.2350	2.1380-2.1400	Switzerland	3.24-3.27
Sth.African Rand	1.6595-1.6710	1.1060-1.1070	United States	1.50-1.52
U.A.E. Dirham	5.5395-5.5470	3.6710-3.6755	Yugoslavia	176-185

* Selling rates.

CURRENCY MOVEMENTS

Sept. 20	Bank of England Index	Morgan Guaranty Changes %
Sterling	85.3	−5.8
U.S. dollar	128.1	+16.5
Canadian dollar	93.5	+1.3
Austrian schilling	116.6	+5.3
Belgian franc	90.8	−11.3
Danish kroner	80.0	−5.2
Deutsche mark	125.9	+5.9
Swiss franc	151.5	+12.5
Guilder	115.9	+4.2
French franc	67.7	−14.6
Lira	50.1	−11.0
Yen	148.4	+7.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.696499	0.566748
U.S. $	8½	1.05248	0.854383
Canadian $	9.50	—	1.05586
Austria Sch	3¾	19.5803	15.9941
Belgian F	9	56.5495	45.9060
Danish Kr	7½	10.0254	8.17431
D mark	4	2.80188	2.27403
Guilder	5	3.13383	2.54285
French F	12½	8.45825	6.87266
Lira	17	1679.76	1364.88
Yen	5½	254.753	206.933
Norwgn Kr	8	7.76855	6.33671
Spanish Pta	—	159.548	129.439
Swedish Kr	8½	8.35566	6.71460
Swiss Fr	4	2.26882	1.84248
Greek Dr'ch	20½	97.9585	79.4255

*CS/SDR rate for Sept 19: 1.29606.

THE POUND SPOT AND FORWARD

Sept 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5070-1.5165	1.5090-1.5100	par-0.05c dis	−0.20	0.09-0.14dis	−0.30
Canada	1.8585-1.8685	1.8600-1.8610	0.10c pm-par	0.32	0.17-0.07 pm	0.26
Nethlnd.	4.48-4.51	4.48¾-4.50¾	1¾-1⅜c pm	3.67	3¾-3⅜pm	3.22
Belgium	80.90-81.25	81.10-81.20	8c pm-2 dis	0.44	2 pm-8 dis	−0.15
Denmark	14.61-14.66	14.63¾-14.64¾	2.25-3.25ore dis	−2.67	5.70-6.85dis	−1.75
Ireland	1.2800-1.2860	1.2825-1.2835	0.20-0.23p dis	−2.01	0.55-0.60dis	−1.79
W. Ger.	4.01-4.05¾	4.02-4.03	1⅜-1¼pf pm	4.10	4-3¾ pm	3.73
Portugal	186.50-187.75	187.00-187.50	105-430c dis	−18.05	890-1220dis	−20.51
Spain	228.00-229.25	228.35-228.55	265-345c dis	−16.02	960-1120dis	−18.21
Italy	2,405-2,414	2,411-2,412	14½-15½ lire dis	−7.59	45½-48½dis	−7.88
Norway	11.15-11.19	11.17-11.18	3.15-3.85ore dis	−3.76	8.80-10.55dis	−3.64
France	12.13-12.16½	12.14½-12.15½	3⅛-3¾c dis	−3.36	13¼-15 dis	−4.60
Sweden	11.85-11.89	11.86½-11.87½	2.05-2.60ore dis	−2.35	6.20-6.85dis	−2.20
Japan	364-367½	365½-366½	0.90-0.70y pm	2.62	2.45-2.25 pm	2.57
Austria	28.20-28.36	28.23-28.28	9⅞-8⅛gro pm	3.87	24¾-21 pm	3.24
Switz.	3.24-3.27	3.25½-3.26½	1¼-1⅛c pm	5.52	4¼-3¾ pm	4.91

Belgian rate is for convertible francs. Financial franc 82.15-82.25.
Six-month forward dollar 0.26-0.31c dis, 12-month 0.65-0.75c dis.

THE DOLLAR SPOT AND FORWARD

Sept 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5070-1.5165	1.5090-1.5100	par-0.05c dis	−0.20	0.09-0.14dis	−0.30
Ireland†	1.1720-1.1810	1.1720-1.1730	0.33-0.28c pm	3.11	0.83-0.73 pm	2.66
Canada	1.2315-1.2325	1.2326-1.2325	0.08-0.05c pm	0.62	0.19-0.16 pm	0.57
Nethlnd.	2.9685-2.9815	2.9795-2.9815	1.05-0.95c pm	3.95	2.70-2.60 pm	3.56
Belgium	53.60-53.79	53.75-53.77	5-3c pm	0.89	3 pm-par	0.11
Denmark	9.6830-9.6980	9.6900-9.6950	1.85-2.35ore dis	−2.61	3.35-3.85dis	−1.35
W. Ger.	2.6510-2.6680	2.6650-2.6660	0.98-0.94pf pm	4.36	2.71-2.68 pm	4.04
Portugal	123.60-124.30	124.00-124.30	110-280c dis	−18.87	450-800dis	−20.18
Spain	151.25-151.60	151.50-151.60	170-200c dis	−14.67	630-700dis	−17.58
Italy	1,591½-1,600	1,598-1,599	9.50-10.40 lire dis	−7.53	30.25-31.25d	−7.70
Norway	7.3775-7.4030	7.3875-7.4025	1.95-2.25ore dis	−3.40	5.50-6.20dis	−3.27
France	8.0100-8.0650	8.0500-8.0550	1.90-2.00c dis	−2.83	5.60-5.90dis	−4.38
Sweden	7.8375-7.8650	7.8560-7.8650	1.20-1.40ore dis	−1.98	3.50-3.70dis	−1.82
Japan	241.50-242.75	242.05-242.15	0.56-0.51y pm	2.65	1.75-1.70 pm	2.85
Austria	18.66-18.73	18.72-18.73	6.70-6.10gro pm	4.11	17.50-15.50pm	3.53
Switz.	2.1485-2.1600	2.1570-2.1580	1.05-1.00c pm	5.71	2.87-2.82 pm	5.28

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.42-54.47.

EXCHANGE CROSS RATES

Sept. 20	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.510	4.025	366.0	12.153	3.260	4.500	2412.	1.861	81.15
U.S. Dollar	0.662	1.	2.666	242.5	8.051	2.160	2.981	1598.	1.233	53.76
Deutschemark	0.248	0.375	1.	90.93	3.019	0.810	1.118.	599.3	0.462	20.16
Japanese Yen 1,000	2.732	4.124	11.00	1000.	33.20	8.907	12.30	6590.	5.083	221.7
French Franc 10	0.823	1.242	3.312	301.2	10.	2.683	3.703	1985.	1.531	66.78
Swiss Franc	0.307	0.463	1.235	112.3	3.728	1.	1.380	739.9	0.571	24.89
Dutch Guilder	0.222	0.335	0.894	81.33	2.701	0.724	1.	536.0	0.413	18.03
Italian Lira 1,000	0.415	0.626	1.669	151.7	5.038	1.352	1.866	1000.	0.771	33.64
Canadian Dollar	0.537	0.811	2.163	196.7	6.532	1.752	2.419	1296.	1.	43.62
Belgian Franc 100	1.232	1.860	4.960	451.0	14.98	4.017	5.545	2972.	2.293	100.

FINANCIAL FUTURES

Eurodollars firm

Eurodollars were very firm on the London International Financial Futures Exchange yesterday, touching the best level since early June. The December contract closed near the high point of the day, at 90.10, compared with 89.93 on Monday. It opened at 90.07, and touched a high of 90.11, and a low of 90.03. Chicago markets were strong on Monday, until disappointed by the housing figure, but London tended to ignore the weakness of U.S. markets, concentrating on lower cash Eurodollar rates, and hopes that the Federal Reserve may have relaxed its monetary policy. Sentiment was encouraged by further moves by the Fed to add reserves to the New York money market, although traders were somewhat cautious because September is known to be a tight month from the point of view of day-to-day credit, because of seasonal a taxpayments.

Caution was also reinforced by this week's auction of $14.25bn in U.S. Treasury paper, starting yesterday with an offering of $5.75bn in four-year notes.

Gilts were hit by profit-taking, and by fears that the recent advance may have been overdone, although operators expressed hopes that further support will be found once the present round of profit-taking is out of the way. December finished at 108-00, compared with 108-04 previously. It opened at 108-14, and traded between 107-31 and 108-15. Short-sterling also suffered from profit-taking, closing at the day's low of 90.54, after opening at the high of 90.59. This compared with the previous finish of 90.49, and at one time threatened to break through the peak of 90.61 touched in June, which traders suggested is already discounting a cut of ½ per cent to 9 per cent in clearing bank base rates.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.10	90.11	90.03	89.93
March	89.79	89.79	89.73	89.63
June	89.58	89.58	89.52	89.43
Sept	89.37	—	—	89.25
Dec	89.26	—	—	89.14

Volume 2,664 (2,833)
Previous day's open int. 5,259 (5,317)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.54	90.59	90.54	90.49
March	90.28	90.34	90.28	90.22
June	90.05	90.08	90.03	89.95
Sept	89.75	—	—	89.71
Dec	89.50	—	—	89.56

Volume 1,186 (1,502)
Previous day's open int. 4,480 (4,490)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	105-06	105-08	105-04	105-05
Dec	108-00	108-15	107-31	108-04
March	107-15	—	—	107-21
June	107-03	—	—	107-10
Sept	106-23	—	—	106-30

Volume 3,310 (3,171)
Previous day's open int. 3,292 (2,853)
Basis quote (clean cash price of 13¼% Treasury 1998 less equivalent price of near futures contract) −2 to 06 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.5105	1.5140	1.5105	1.5058
March	1.5125	—	—	1.5075

Volume 186 (150)
Previous day's open int. 784 (758)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3792	0.3801	0.3790	0.3788
March	0.3826	—	—	—

Volume 134 (82)
Previous day's open int. 426 (407)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4697	0.4705	0.4695	0.4692
March	—	—	—	—

Volume 59 (nil)
Previous day's open int. 117 (117)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4161	0.4165	0.4154	0.4158
March	0.4192	—	—	0.4192

Volume 127 (22)
Previous day's open int. 160 (159)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	72-11	72-17	72-05	71-27
Dec	71-25	72-02	71-19	71-10
March	71-08	71-17	71-03	70-25
June	70-28	71-01	70-23	70-11
Sept	70-15	70-21	70-13	70-00
Dec	70-06	70-12	70-04	69-23
March	69-30	70-01	69-30	69-15
June	69-23	69-25	69-23	69-08
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	90.08	90.10	90.07	89.97
Dec	90.83	90.89	90.81	90.75
March	90.49	90.55	90.48	90.42
June	90.29	90.32	90.28	90.18
Sept	90.32	—	—	90.20
Dec	89.88	89.89	89.87	89.78
Mar	89.71	89.71	89.71	89.58
June	89.50	89.52	89.48	89.38

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	90.58	90.70	90.57	90.52
Dec	90.24	90.31	90.23	90.14
June	89.60	89.65	89.60	89.50

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.77	89.85	89.76	89.70
March	89.53	89.53	89.53	89.38
June	89.30	89.30	89.24	89.13
Sept	89.04	—	—	—
Dec	88.73	88.82	88.70	—

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	1.5060	1.5160	1.5050	1.5165
March	1.5065	1.5165	1.5070	1.5185
June	1.5070	1.5220	1.5120	1.5215
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	—	—	—	—
Sept	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

UK rates continue to ease

UK clearing bank base lending rate 9½ per cent (since June 14)

Period rates continued to show a softer trend in London yesterday, reflecting market hopes of an early cut in clearing bank base rates. This was underlined by a reluctance on the part of discount houses to part with high yielding paper with the Bank of England resorting to late assistance in order to meet market shortages.

The Bank forecast a shortage of around £300m with factors affecting the market including maturing assistance and a take up of Treasury bills—£138m and Exchequer transactions—£300m. On the other hand there was a fall in the note circulation of £80m. Assistance in the morning comprised purchases of £2m of eligible bank bills in band 2 (15-33 days) at 9½ per cent. Further help was given in the afternoon with the Bank buying a further £80m of eligible bank bills, £10m in band 1 (up to 14 days) at 9⁹⁄₁₆ per cent and £50m in band 2 at 9½ per cent. It also gave late assistance totalling £165m. Total help of £227m was somewhat short of the £300m forecast and overnight interbank money was quoted at 11 per cent or possibly higher at one point. Closing balances were taken nearer 10 per cent however after an opening level of 9½-9⅝ per cent. Longer term rates reflected the markets bullish mood with six month interbank money slipping to 9⅝-9½ per cent from 9⅝-9¹¹⁄₁₆ per cent and eligible bank bills lower at 8¹⁵⁄₁₆-9⁷⁄₁₆ per cent.

In Paris the Bank of France left its money market intervention rate unchanged at 12.25 per cent when injecting liquidity into the money market through purchases of around FFr 15bn of its first category paper, with maturity dates between October 1 and 31.

In Rome the Italian Banking Association (ABI) executive committee left its prime rate unchanged at 18¾ per cent. One of the primary reasons behind yesterday's decision appeared to be Italy's growing budget deficit with the need to raise new money likely to keep rates firm for some time.

LONDON MONEY RATES

Sept. 20 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9⅛-11	9¾	—	—	9¾-10¼	9½-10	—	—	—
2 days notice	—	—	9⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10-10⅛	—	—	—	—
7 days notice	—	9¾-10	9⅞	—	—	—	9½-9⅝	—	—	—
One month	9¹¹⁄₁₆-9⅝	9¹¹⁄₁₆ 9⅝	9⅝	10-9⅝	9¾	9⅞-10	9¼-9½	9½-9¹⁵⁄₃₂	9½-9¹⁵⁄₃₂	10⅛
Two months	9⅝ 9½	9⅝-9¾	9⅝	10 9⅝	9¾	10	9⅛-9¼	9⁷⁄₁₆	9⁷⁄₁₆	9½
Three months	9⅜-9⁷⁄₁₆	9⅝ 9½	9½-9⅝	10 9⅝	9⁹⁄₁₆	10	9-9⅛	9⁷⁄₁₆-9¼	9⁷⁄₁₆	9⁹⁄₁₆
Six months	9½-9⁷⁄₁₆	9⅝-9½	9⅜-9⅝	9⅝-9	9¹¹⁄₁₆	—	—	—	9⁵⁄₁₆	9⁷⁄₁₆
Nine months	9⅝ 9½	9¾-9⅝	9¾	10 9⅝	9½	—	—	—	—	—
One year	9⅝ 9⁹⁄₁₆	9⅞-10	9⅞	10 9⅝	10	—	—	—	—	—
Two years	—	—	10⅝-10⅜	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 3 to September 6 1983 (inclusive) 9.930 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11-11⅛ per cent; four years 11¼-11½ per cent; five years 11⅜-11½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four months' bank bills 9¼-9⁹⁄₃₂ per cent; four months' trade bills 9¾ per cent.

Approximate selling rate for one month Treasury bills 9⅛-9¹⁵⁄₃₂ per cent; two months 9⁵⁄₁₆ per cent and three months 9-9⁵⁄₁₆ per cent. Approximate selling rate for one month bank bills 9¹⁵⁄₃₂ per cent; two months 9⁵⁄₁₆-9¼ per cent and three months 9⁵⁄₃₂-9⅛ per cent; trade bills 9²⁹⁄₃₂ per cent; two months 9²³⁄₃₂ per cent and three months 9¹⁷⁄₃₂ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from September 1 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.2098 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from September 13. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Sept. 20	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9⅝-9¾	9⅝-9¾	9⅝-9¾	9⁹⁄₁₆-9¹¹⁄₁₆	9⅝-9¾	9⅞-10
U.S. Dollar	9¼-9½	9⅜-9⅝	9⅝-9⅞	9⁹⁄₁₆ 9¹³⁄₁₆	9⅞-10⅛	10⅛-10⅜
Can. Dollar	8¼-8¾	8½-9	8⅞-9⅛	9¹⁄₁₆-9⁵⁄₁₆	9⅜-9⅝	9¾-10
D. Guilder	5¾-6	5¾-5	5⅞-6	6⅛-6¼	6¼-6⅜	6⅛-6⅝
S. Franc	2 2¼	2⅛-2⅜	4⁵⁄₁₆-4⁷⁄₁₆	4⁵⁄₁₆-4⁷⁄₁₆	4¹¹⁄₁₆-4¹³⁄₁₆	4¾-4⅞
Deutschm'rk	5¼-5⅜	5⅛-5⅜	5⁵⁄₁₆-5⁷⁄₁₆	5⅝-5¾	5¹³⁄₁₆-6⁵⁄₁₆	6¼-6⅜
Fr'nch Franc	12⅜-12⅝	12⅜-12⅝	12⅝-12⅞	14⅛-14⅜	15⅝-15⅞	16⅜-16⅝
Italian Lira	15¾-16¾	16-17½	16¾-17¼	17½-18	17⅞-18⅜	18½-19¼
Belg. Franc.						
Conv.	8-8½	6¾-7¾	8½-9	9½-10	9¾-10¼	10-10½
Fin.	8-8½	7½-8	8⅞-9⅛	9¼-9½	9¾-10	10⅛-10⅜
Yen	7⅝-7¾	7⅝-7¾	7⅛-7¼	6⅞-7	6⅞-7	6⅞-7
D. Krone	14¼-14¾	14⅛-14⅝	12⅛-12⅝	11⅝-12⅛	11¼-11¾	11-11½
Asia $ (Sing.)	9⁵⁄₁₆-9¹¹⁄₁₆	9⁵⁄₁₆ 9¹¹⁄₁₆	9⁹⁄₁₆-9¹³⁄₁₆	9¾-9⅞	9¹⁵⁄₁₆-10³⁄₁₆	10¼-10⅜

FT LONDON INTERBANK FIXING

(11.00 a.m. SEPTEMBER 20)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 3/4	offer 9 7/8	bid 9 15/16	offer 10 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9⅜-9⁷⁄₁₆
Treasury bills (13-week)	8.94
Treasury bills (26-week)	8.97

GERMANY

Lombard	5.5
Overnight rate	5.50
One month	5.65
Three months	5.85
Six months	6.30

FRANCE

Intervention rate	12.25
Overnight rate	12.875
One month	12.4375
Three months	12.50
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	6.46875
Bill discount (3-month)	6.78125

SWITZERLAND

Discount rate	4
Overnight rate	2-3
One month	4¼-4½
Three months	4¼-4½

NETHERLANDS

Discount rate	5½
Overnight rate	5⅞-6
One month	5⅞-6
Three months	6⅛-6¼
Six months	6¼-6½

$ CERTIFICATES OF DEPOSIT

One month	9.5-9.6
Three months	9.55-9.65
Six months	9.7-9.8
One year	10.0-10.2

LONG TERM EURO $

Two years	11¼-11½
Three years	11½-11¾
Four years	11¾-12
Five years	12-12¼

SDR LINKED DEPOSITS

One month	8²³⁄₃₂-9⁵⁄₁₆
Three months	9-9⅜
Six months	9¼-9⅝
One year	9½-9⅞

ECU LINKED DEPOSITS

One month	8¾-9⅛
Three months	9⅛-9½
Six months	9⅝-10
One year	10-10⅜

INTERNATIONAL CAPITAL MARKETS

Tunisia seeks to raise $120m

By Our Euromarkets Correspondent

TUNISIA is seeking to raise a $120m loan package in the Euromarkets, part of which could involve the country's first ever floating rate note (FRN).

Banks have been asked to submit bids for the package and initial indications suggest that competition for the mandate is keen. Tunisia is a rare name in the Euromarkets and a $100m credit arranged last winter was very warmly received, despite its low margin of ½ point over Eurodollar rates.

With the new deal, however, Tunisia appears to be hedging its bets between the bond market, where it is an untested name, and the Eurocredit market, where it could face some increase in borrowing cost because of general market conditions as well as the rescheduling announcement of another North African country, Morocco.

Many countries have been tapping the floating rate note market this year as an alternative to raising bank credits in a difficult market, but most of those who have been successful at this have been relatively high-rated and experienced borrowers. Bankers say that Tunisia could not easily raise the full $120m in the form of an FRN even though the amount is much smaller than that raised by other countries such as Malaysia and Sweden.

Some, however, believe that Tunisia could benefit from a combined FRN and credit, as banks anxious to earn fees on the former will feel obliged to participate in the latter, reducing the upward pressure on the loan margin.

Tunisia has made it clear that the distribution of the package between the two sectors of the market is flexible, although market constraints suggest that the FRN will not be more than $60m. The loan is likely to be mandated within a month and beneficiaries will be two state entities — Banque de Developpement Economique de Tunisie and Cie Financière Immobilière et Touristique.

Japanese bank sets $100m Eurobond

By Mary Ann Sieghart in London

THE EURODOLLAR bond market rallied again yesterday as another Japanese bank launched an interest rate swap related bond.

Dai-Ichi Kangyo Bank made its debut in the Eurobond market with a $100m, seven-year, 12⅜ per cent bond priced at par. It will swap the fixed-rate money for floating rate funds with an unnamed counterparty.

Last week, Sanwa Bank issued an $80m bond with a coupon of 12⅝ per cent at a price of 99⅝. This too involved an interest rate swap.

The Dai-Ichi Kangyo Bank bond is led by Paribas, together with the issuer and Merrill Lynch. It traded within its 1⅞ point selling concession in the pre-market.

The dollar secondary market reacted to the optimistic mood in New York by gaining about ½ point. Business was still mainly professional but turnover was up on the day before.

The Yamanouchi Pharmaceutical $50m convertible was priced yesterday by Nikko Securities. The conversion premium will be 4.5 per cent and the coupon, 4 per cent, as indicated. However, with a final redemption price of 106, the yield to maturity is 4.76 per cent.

Merrill Lynch launched another set of EuroCanadian dollar treasury warrants yesterday, following its successful deal a couple of weeks ago. The offering is for 75,000 warrants to buy Canadian Government Treasury bonds — the 9⅜ per cent securities maturing in 2001.

The warrants, which cost $25 each, have an exercise price of 86½ and a six-month life. Yesterday afternoon, the bonds were trading at 84¾-85. The issue was reported to be going reasonably well.

Amsterdam-Rotterdam Bank is raising Fl 100m through a five-year Euroguilder private placement. The 8¾ per cent notes have been priced at par and Amro will lead the deal itself.

In the D-Mark sector, prices rose slightly, boosted by a weaker U.S. dollar and a stronger market in New York. Turnover was low.

Prices in Switzerland were mixed in low volume. The EEC's SwFr 100m 10-year bond was given a coupon of 6 per cent at par by Credit Suisse, as indicated.

● The Japanese Ministry of Finance suggested yesterday that the slowdown in issuing activity in the Samurai market — yen bonds issued in Japan by foreign borrowers — was due to the weakening of the yen against the U.S. dollar, Reuter reports from Tokyo.

Borrowers, apparently, are worried about possible exchange losses if the yen appreciates again, as it did last year.

In the first few months of this year, new issue activity in Samurai bonds averaged Y80bn a month, but this is likely to slow down to Y40bn-50bn a month in the months to come.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 20.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	92¾	93¼	+0¼	+0½	11.01
Bank of America 8 88 XW	150†	85¾	86¾	+0½	+0⅞	12.12
Bank of Tokyo Hold 11 90	100	93⅞	94⅜	+0½	+0⅛	12.32
British Col Hyd 10¼ 88	200	96	96½	+0⅜	+0⅛	11.32
C.C.C.E. 11¾ 97	100	92	92½	+0¼	+0¼	12.95
Can Imp Bk Com 11 90	75	91⅛	91⅝	+0⅝	+0¼	12.95
Citicorp O/S 10⅞ 90	100	91¾	92¼	+0⅛	−0⅛	12.17
Coca Cola Int 9⅞ 92	100	92¾	93¼	+0⅜	+0½	11.15
Cred Suisse BAH 10½ 90	150	94⅝	95⅛	+0½	+0⅜	11.84
Credit Suisse 10½ 88	100	97¼	97¾	+0½	+0¾	11.05
Den Norsk Cred 11¼ 93	50	92	92½	+0¼	−0⅛	12.66
Du Pont 11⅛ 95	150	98¼	98¾	+0⅝	+0⅝	11.47
E.C.S.C. 11⅞ 90	75	99	99½	+0¼	+0¼	12.02
E.D.C. 10¾ 88	100	96⅞	97⅜	+0⅜	+0⅜	11.59
E.D.C. 11¾ 87	100	100½	101	+0½	+0⅜	11.65
E.D.F. 11⅛ 93	100	91⅝	92⅛	+0⅜	+0½	12.60
E.E.C. 10¾ 95	75	88⅜	88⅞	+0¼	+0⅜	12.65
E.E.C. 11 87	350	98	98¼	+0¼	+0¼	11.56
E.I.B. 10¾ 93	200	91¾	92¼	+0⅜	+0⅜	12.18
E.I.B. 11 91	125	94½	95	+0⅝	+0¾	12.07
Electrolux 10½ 90	50	91⅜	91⅞	+0⅛	+0⅛	12.38
Ensearch Fin 11⅝ 93	100	94½	95	+0⅛	+0⅛	12.57
Fuji Int Fin 10⅞ 90	100	92¼	92¾	+0⅜	+0½	12.57
Gen Elec Credit 9¾ 91	100	91¼	91¾	+0½	+0½	11.43
GMAC O/S Fin 10½ 90	200	96⅜	96⅞	+0⅛	+0¾	11.24
Honeywell Int 10¾ 90	100	97⅜	97⅞	+0⅜	+0⅛	11.25
Indust Bk Japan 10⅞ 88	100	96½	97	+0⅜	+0¾	11.79
Japan Air Lines 10⅞ 98	42	91¼	91¾	+0⅜	+0⅜	12.12
Japan Air Lines 11 93	75	94½	95	+0⅜	+0½	11.92
J. P. Morgan 11⅜ 90 XW	150	98⅝	99⅛	+0⅝	+0¾	11.61
Levi Strauss Int 11 90	75	95⅞	96⅜	+0⅜	+0¼	11.84
L.T.C.B. 10¾ 90	100	92	92½	+0⅜	+0½	12.49
Merrill Lynch 10⅝ 90	200	94⅞	95⅜	+0¼	+0¾	11.69
Midland Int Fin 11½ 92	150	96⅜	96⅞	+0¼	+0½	12.11
Mitsubishi Corp 10½ 90	100	93	93½	+0½	+0⅛	12.00
Mitsubishi Fin 11⅜ 90	100	94⅜	94⅞	+0½	+0½	12.57
Nippon Credit 11 90	100	93¼	93¾	+0⅞	+0⅞	12.45
Nippon Credit 11¼ 93	100	92⅞	93⅜	+0½	0	12.58
O.K.B. 10 91	100	89¼	89¾	+0⅜	+0⅞	12.17
Ontario Hydro 10¼ 90	250	92⅜	92⅞	0	−0⅛	11.88
Ontario Hydro 11¼ 88	200	98¾	99¼	+0½	+0⅜	11.45
Ontario Hydro 12¾ 92	200	102⅞	103⅜	+0⅜	+0¼	12.15
Prudential O/S 10⅝ 93	100	95⅛	95⅝	+0½	+0½	11.42
Prudential O/S 12⅜ 87	150	104	104½	+0⅜	+0⅜	11.37
Saskatchewan Pr 10¾ 90	125	94¼	94¾	+0⅛	+0¼	11.98
S.N.C.F. 11½ 93	100	94¾	95¼	+0⅜	+0⅛	12.39
Sth Cal Edison 10½ 90	75	95¼	95¾	+0⅞	+0⅜	11.48
Sumitomo Fin 10⅞ 90	100	92⅛	92⅝	+0⅞	+0½	12.68
Swiss Bk Corp 10¼ 90	250	96⅛	96⅝	+0⅜	+0½	10.99
Texaco Capital 9¾ 90	150	93⅜	93⅞	+0½	+0¾	11.16
U.B.S. 10 88	100	96⅛	96⅝	+0¼	+0¼	11.01
U.B.S. 11 88	150	100½	101	+0½	+0⅛	10.81
Westpac Int Fin 11 90	100†	92¼	92¾	+0¾	+0¾	12.79
World Bank 10⅝ 88	150	95⅛	95⅝	+0⅜	+0⅜	11.48
World Bank 10⅞ 93	100	93½	94	+0⅛	+0¼	11.98
World Bank 11⅛ 88	100	98⅝	99⅛	+0¼	+0⅝	11.55
World Bank 11½ 90	150	97½	98	+0¼	+0½	11.98

Av. price changes: on day +⅜, on week +⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7¾ 93	100	97¾	98½	+0¼	+0⅛	7.65
A.N.A.S. 8¼ 88	100	99	99½	0	−0½	8.43
Austria, Rep 7⅝ 89	100	98¼	98¾	+0⅛	−0⅛	7.95
Austria, Rep 8 93	100	99½	100	0	−0¼	8.03
Avon Int Fin 7½ 93	100	97⅝	98⅛	+0¼	0	7.82
B.F.C.E. 8⅛ 90	150	98⅝	99⅛	+0¼	−0⅜	8.49
Comp Tel Nac Esp 8¼ 93	100	94½	95½	+0⅛	0	9.03
Deutsche Bank 3¾ 91 WW	240	105⅞	106⅜	+0⅜	−0¼	2.87
Deutsche Bank 3¾ 91 XW	240	80⅛	80⅝	+0⅛	+0⅛	7.16
Dresdner Finance 4 90 WW	250	108⅜	109⅜	+0½	−0⅛	2.55
Dresdner Finance 4 90 XW	250	83	83½	0	0	7.21
E.C.S.C. 8 90	100	99½	100	+0⅛	0	8.04
E.E.C. 8¼ 93	250	100	100½	−0½	−0⅛	8.20
Eurofima 7½ 90	100	98¼	98¾	+0⅜	+0⅛	7.78
Finland Rep 7½ 88	150	98½	99¼	0	0	7.78
Int-Am Dev Bk 7¾ 93	200	95	95½	0	−0¼	8.48
Int Standard Ele 7¾ 93	100	98½	99	0	−0⅛	7.93
Japan Dev Bank 7½ 90	100	98⅜	99⅜	0	−0⅛	7.86
Kobe City 7 93	120	94⅞	95⅜	+0⅛	−0⅛	7.72
L.T.C.B. 8 90	100	99½	100	+0⅛	0	8.04
Renault Acceptance 8 90	150	97⅛	97⅝	+0⅛	−0⅛	8.52
S.D.R. France 7⅞ 93	100	96¼	96¾	+0⅛	−0⅜	8.41
Sth African Tran 8¼ 90	100	98¾	99¼	0	+0½	8.44
Volkswagen Int 7¼ 93	200	95⅛	95⅝	+0⅜	−0⅛	7.95
World Bank 7½ 90	250	96⅛	96⅝	0	−0½	8.21
World Bank 7½ 93	300	95¼	95¾	+0⅛	0	8.19

Av. price changes: on day +⅛, on week −⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100†	98¾	99¼	−0⅛	+0⅜	5.76
Bank of Tokyo 6 91	100†	101¾	102¼	+0⅜	+0⅜	5.68
Bergen, City of 5¾ 95	40†	99	99½	+0⅜	+0⅜	5.84
Carls-Tuborg Brw 5¾ 93	60†	101	101½	+0⅛	−0⅜	5.57
Chujitsuya Co 5⅞ 93	50†	97	97½	0	0	6.26
Denmark 6⅛ 91	100†	102¼	102¾	+0⅛	+1	5.96
E.D.C. 5⅜ 91	100†	98½	99	+0½	+0½	5.58
E.I.B. 5¾ 93	100†	98	98½	0	−1¼	5.99
Ex-Im Bk Japan 5⅝ 91	100†	98¼	98¾	+0⅞	−1½	5.87
Ind Fund Finland 6¼ 91	40†	100½	101	+0⅛	−0⅜	6.12
Int-Am Dev Bk 6⅛ 93	100†	102	102½	+0⅜	+1	5.81
Japan Dev Bank 5½ 93	100†	98	98½	+0¾	+0⅛	5.74
Kansai Elec Power 6 91	100†	101½	102	+0⅛	0	5.71
Kawasaki Steel 6⅛ 91	100†	101¼	101¾	+0¼	−0⅛	5.87
Montreal Urban 5¾ 93	100†	100½	101	+0¼	+0⅛	5.64
Mount Isa Finance 6 93	100†	102½	103	+0⅛	+0¼	5.62
Nisshin Steel 6¼ 91	100†	99¾	100¼	+0⅞	+0⅛	6.25
Norsk Hydro 5½ 98	100†	96¼	96¾	0	+0⅜	5.86
Osterr Draukraft 6 93	100†	102	102½	+0⅛	−0⅜	5.69
Osterr Post 6⅛ 91	100†	102½	103	+0⅜	0	5.67
Quebec Hydro 5½ 93	100†	100	100½	−0⅜	−0⅞	5.46
Sekisui House 6 93	100†	101	101½	+0⅛	−0½	5.82
Sumitomo Metal Ind 6 91	100†	101	101½	+0⅛	−0⅛	5.79
Tohoku Elec Power 6 93	100†	100	100½	−0⅛	−0⅛	5.96
Trizec Corp 6¼ 91	100†	102	102½	+0¼	+0⅜	5.87
World Bank 5⅝ 93	100†	97¼	97¾	−0⅛	−0⅜	5.97

Av. price changes: on day +¼, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	103⅞	104⅜	−0⅛	+0⅛	7.95
E.I.B. 8⅛ 92	15	101⅞	102⅜	−0⅛	+0⅛	7.89
Japan Airlines 7⅝ 87	9†	101¾	102¼	+0¼	+0⅛	7.09
New Zealand 7⅝ 89	15	102	102½	+0½	+0⅛	7.15
World Bank 8⅛ 92	20	102¾	103¼	+0⅛	+0⅛	7.84

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can Pac Secs 11⅞ 90 C$	75†	97⅜	98⅛	0	−0⅜	12.38
Charb France 11⅛ 95 C$	40†	93	93½	−0¼	−0⅜	13.00
Ferm Credit 12¼ 90C$	75†	97⅛	97⅝	+0⅞	+0½	12.81
Norcen 12¾ 93 C$	60†	95¼	95¾	0	−0⅛	13.59
TD MTG Corp 12½ 88 C$	40†	99⅞	100⅜	+0⅜	+0⅜	12.48
Quebec Province 12 93 C$	50†	98	98½	0	−0⅜	12.30
Xerox Canada 12 88 C$	40†	100	100½	+0⅛	+0⅛	11.82
Forsmarks 11½ 88 ECU	40	102¾	103½	−0⅛	−0⅛	11.04
Svenska 11¼ 91 ECU	40	98⅝	99⅜	−0½	−0½	11.42
Algemene Bank 8¾ 88 Fl	150†	99⅞	100⅜	+0⅛	+0¼	8.71
Bank Mees & Hope 9 88 Fl	75†	100⅞	101⅜	+0¼	+0¼	8.71
Elect Supply 8¾ 88 Fl	75†	98¼	98¾	+0⅛	+0⅛	8.89
P.H.P. ¾ 88 Fl	50†	99¾	100¼	+0⅛	+0⅝	8.74
Swed Exp Cred 7¾ 88 Fl	100†	95⅛	95⅝	+0⅜	+0⅜	8.81
World Bank 9 88 Fl	100†	101⅜	101⅞	+0⅜	+0⅜	8.58
O.K.B. 14 86 FF	400	100⅝	101⅛	−0¼	−0¼	13.31
Solvay & Cie 14¾ 88 FF	200	101⅝	102⅛	−0¼	−0⅜	13.87
B.F.C.E. 11½ 88 £	50	97⅛	97⅝	0	+0¼	12.19
British Oxyg 11¾ 91 £	50	100⅝	101⅛	−0⅛	0	11.57
CEPME 11¼ 95 £	35	98	99	0	−0⅜	11.47
E.E.C. 11⅞ 81 £	50	99¼	100	−0⅜	−0⅜	11.82
Fin For Ind 10½ 90 £	30	94⅞	95⅜	0	−0¼	11.63
Fin For Ind 12¼ 88 £	30	102⅞	103⅜	+0⅛	−0⅛	11.33
Fin Mat Oranj 12⅜ 92 £	30	102	102¾	0	+0¼	12.17
Gen Elec Co 12½ 89 £	50	102⅜	103⅛	0	0	11.71
Mori Bk Fin 11¾ 89 £	15	96⅞	97⅛	0	0	12.66
Norsk Hydro 12 90 £	30	101¾	102½	−0⅛	−0¼	11.48
Quebec 14½ 89 £	30	108¾	109¾	0	+0¼	12.19
S.N.C.F. 11½ 89 £	30	96¼	97	0	−0⅜	12.38
Sweden 11¼ 93 £	50	94¼	95	+0⅛	+0⅜	12.28
Swed Exp Cred 11¼ 88 £	30	96⅞	97½	0	0	12.04
World Bank 11⅛ 88 £	100	97⅜	98⅛	−0⅛	0	11.74
World Bank 11⅜ 91 £	75	99⅛	99¾	−0¼	−0¼	11.45
Euratom 11 93 LuxFr	500	102¼	103¼	+0⅛	+0⅛	10.50
Europarat 10¾ 93 LuxFr	600	102⅜	103⅜	+0⅛	+0⅛	10.20

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 87	0⅛	99½	99¾	27/1	10⅞	10.92
B.F.C.E. 5⅛ 88	0⅛	99⅝	99⅞	28/1	10.18	10.23
Caisse Nat Tele 5⅛ 90	0¼	99¼	99½	21/10	9.56	9.62
C.C.F. 5¼ 95	0⅛	99¼	99½	7/10	10.19	10.25
C.C.F. 5⅛ 98	0⅛	99¾	100	24/8	9.94	9.95
Cepme 5¼ 88 WW	0¼	99⅝	100⅛	3/12	10.56	10.57
Cepme 5⅛ 92	0⅛	99⅜	99⅞	10/12	10½	10.53
Chemical NY 5¼ 94 ††	0⅛	100⅛	100⅜	23/9	10.82	10.74
C.N.C.A. 5¼ 95 XW	0⅛	99¼	99½	7/12	10	10.06
C.N.T. 5¼ 87	0¼	99⅛	99⅜	6/11	9¼	9.32
Credit Agricole 5⅛ 97	0¼	99⅛	99½	24/9	10	10.06
Credit Lyonnais 5⅛ 94	0¼	99¼	99½	5/1	10.31	10.38
Credit Lyonnais 5¼ 97	0¼	99⅞	99⅞	1/10	10.06	10.11
Credit Nat 5¼ 94	0⅛	99¼	99¾	9/3	10⅝	10.68
E.D.F. 5¼ 95 XW	0¼	99¾	100	10/2	11⅜	11.38
E.E.C. 5 90	0⅛	99⅞	100⅛	5/1	10.18	10.19
Kansallis Osake 5½ 92	0¼	100⅜	100⅝	6/11	9⅛	9.08
Long Term Cred 5¼ 92	0⅛	100	100¼	27/11	9¾	9.74
J.P. Morgan 5⅛ 97 §	0¼	101	101¼	12/11	10.81	10.68
New Zealand 5¼ 87	0⅛	100⅛	100⅜	7/10	10.06	10.03
NZ Steel Dev 5¼ 92	0¼	100⅛	100⅝	22/12	10¼	10.21
Nippon Credit 5¼ 90	0⅛	100½	100¾	10/2	11¼	11.16
Soc Generale 5¼ 90 XW	0⅛	99⅛	99⅜	9/11	9⅛	9.19
Société Générale 5¼ 95	0¼	99½	99¾	1/3	10.31	10.35
Sweden 5¼ 89	0¼	100	100¼	28/2	10.19	10.18
Sweden 5¼ 93	0⅛	100⅛	100⅜	3/2	11.19	11.13

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	103¾	105¼	+1¾	6.28
Canon 7 97	7/82	748.2	227⅛	229⅛	+4⅜	19.40
Daiwa Sec Co 5½ 98	10/83	598	97¼	98½	+0½	1.86
Hitachi Cable 5¼ 96	2/82	515	107½	109	+0⅛	6.43
Honda Motor 5¼ 98	6/83	884	99¼	100¾	+1¼	2.79
Honda Motor 5½ 97	3/83	750.6	115½	117¼	+1⅞	2.86
Kumagai Gumi 6½ 97	10/82	400	118⅞	120⅞	+0⅛	−1.89
Kyowa Hakko 6¼ 97	2/83	762	116⅝	118⅛	+2⅞	16.07
Minebea Co Ltd. 5½ 98	5/83	667	127⅜	128⅜	+1⅜	1.57
Mitsubishi Electric 5¼ 98	6/83	396	110⅛	111⅛	+1⅜	7.84
Nippon Electric 5¼ 97	2/82	785.9	183⅞	185⅞	+3⅛	8.45
Nippon Oil Co 5½ 98	4/83	964	111½	112½	−0¼	9.01
Nissan Motor 5¾ 98	4/83	770	89⅝	90⅝	+0½	−1.05
Olympus Optical 6⅜ 97	12/82	1331	103⅞	104⅞	+1½	10.68
Orient Finance 5⅛ 97	3/82	927.2	89¾	90¼	+0⅝	11.76
Orient Leasing 5¼ 98	6/83	2680	95⅛	96⅛	+0¼	−3.38
Secom 5 98	11/83	2920	120¼	121¾	+2⅞	6.88
Sumitomo Electric 5½ 97	3/82	577.3	112¾	114⅛	+0¼	6.11
Sumitomo Metal 5¼ 96	10/81	296.1	74¼	+75¾	+3⅞	42.28
Yamaichi Sec Co 5 98	6/83	472	94	95½	+0⅜	−0.68
NEC Corp 3½ 93 SF†	6/83	978	149½	151½	+4¼	1.98
Sanyo Electric 3½ 93 SF†	5/83	501	104½	106½	+0¼	14.87
Konishiroku 6¾ 88 DM	8/82	616	118	119	+0⅛	2.88
Mitsubishi Heavy 6 89 DM	2/82	283	112⅜	113⅜	+1½	3.53
Sun Realty 6¼ 92 DM	2/83	365	117⅛	118⅛	+0⅜	−1.11

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date — Date next coupon becomes effective. Spread — Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. — current coupon. Cu. yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day — Change on day. Cnv. date — First date for conversion into shares. Cnv. price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.